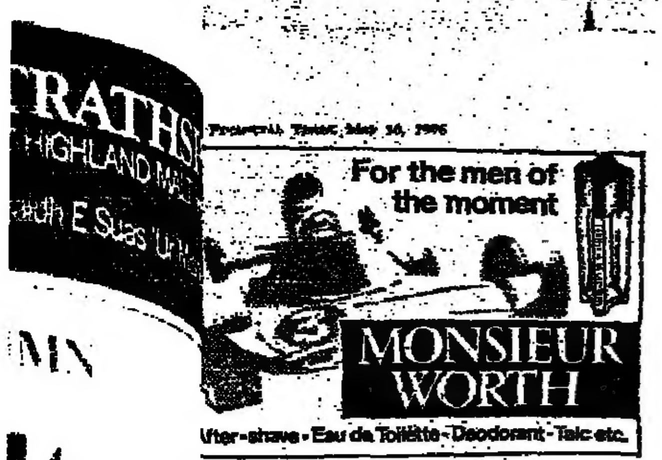

FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Terror leader kills herself

West German police and security men have stepped up precautions against a possible wave of extreme Left-wing violence following the suicide yesterday of the self-confessed terrorist leader, Frau Ulrike Meinhof, in a Stuttgart prison.

Frau Meinhof had been on trial for a year with Herr Andreas Baader, with whom she was said to have directed the Baader-Meinhof gang, on assorted murder, kidnapping and other charges.

According to the Baden-Wurttemberg state prosecutor, Frau Meinhof hanged herself from the bars of a cell with a towel. She had given no warning of her intended action, and no suicide note was found.

Revenge feared

Her lawyer, Herr Axel Azzola, said it was obvious that the court and the public prosecutor were to blame for her death. The authorities are clearly afraid that other underground terrorist groups will try to exact some form of revenge, writes Adrian Dicks in Bonn.

Two bombs, which exploded in German offices at either end of the Avenue Champs Elysees may have been related to the Meinhof suicide, said Paris police. No-one was injured in the blasts.

Security is already very strict at the Stuttgart trial, which is expected to continue to-day, and at a trial in Dusseldorf of the gang said to have attacked the Germany Embassy in Stockholm last year.

The police presence around public buildings in Bonn has been noticeably intensified.

New quake in Italy

A violent new tremor hit North-West Italy's earthquake disaster area, killing at least three people. Houses in the hillside villages of Ribis and Cergneu, north of Udine, collapsed. The new quake registered 5.5 on the Richter scale

Tory group will oppose devolution

A Keep Britain United campaign has been launched to reverse the move towards devolution in Scotland and Wales. Working initially within the Conservative Party and backed by 15 MPs, including five from Scottish constituencies, it will try to persuade the Scottish Conservative Conference in Perth on Friday to reverse the party's commitment to a directly-elected Scottish Assembly. Back Page.

Spanish rally ends in death

One man was shot dead and three wounded when Spain's Carlist Party's annual rally on a mountain top in the northern province of Navarre broke up in confusion. The Government had previously banned the rally, which was led by Prince Carlos Hugo of Bourbon Palma, the exiled Pretender to the throne. Page 5

Boat hits shark

Mr. John McKown, taking part in the Brighton Festival Regatta in a single-handed boat, collided with a basking shark off the West Pier. Though he was shaken by the incident, he won his race.

Briefly . . .

Montreal Olympics facilities will cost at least $C1.5bn. (£837m.) against a previous estimate of $C1.1bn.

Heat wave brought out heavy traffic in the South and East Anglia, but there were cloudy skies further north.

Boeing cargo jet belonging to the Iranian Air Force crashed near Huete, east of Madrid, killing the crew of 17.

BUSINESS

TGWU votes on pay pact to-day

● MR. JACK JONES, general secretary of the Transport and General Workers Union, to-day seeks his executive's backing for the TUC-Government pay pact. ASTMS has already voted to oppose the policy, but the clerical workers, APEX, have given it their support. Page 11 and Back Page

● BRITISH RAIL'S annual report for 1975, to be published on Wednesday, is expected to disclose Government support of £507m.—over £100m. more than 1974. Page 4

● BRITISH LEYLAND, worried by the Chancellor's proposed new system of company car taxation, is conducting research into the proposals. Meanwhile the Society of Motor Manufacturers and Traders is to meet the Dol shortly with counter-proposals. Page 4

Cigarette war hots up

● MOST cigarettes go up in price to-day as a result of duty changes announced in the Budget. Gallagher, however, as part of its fight to keep its hold on the king-size sector of the market, is to keep the price of its best-selling Benson and Hedges King Size unchanged. Back Page

● WATES has withdrawn its planning application to build a private enterprise new town at Horley, Surrey because, the company says, it has been unable to get the support of Surrey County Council. Back Page

● MACHINE tool industries in Europe may contract significantly unless there is a flow of firm orders soon, leading European industrialists heard at the weekend. Page 4.

Enough coal for 300 years

● BRITAIN has coal reserves to last for at least 300 years at the present rate of extraction, Mr. Alex Eadie, Under-Secretary of State for Energy told a miner's meeting at Matlock, Derbyshire.

● AUEW executives meet to-morrow to reconsider plans for amalgamation of the four sections into one union, previously rejected by two national committees. Page 11

● BP is to take a 49 per cent. share in a U.K. fish farming company, Fish Farm Development International, through its subsidiary BP Proteins. Fish farming has doubled in output over the past 10 years and supplies 12 per cent. of fish for human consumption. Page 36

● THE TREASURY has denied that the Fraud Squad is involved in investigations into possible breaches of exchange control rules by Bank of England staff. Information had been exchanged between the police and the Bank. Page 4

● DAILY TELEGRAPH production was disrupted again last night as a strike by journalists in London and Manchester continued. Back Page

● CIVIL AVIATION bodies in the U.K. have set up a committee to examine the increased charges for services recently announced by the Civil Aviation Authority. Page 4

● BRITISH Manufacture and Research, the Swiss-owned armaments manufacturer, is to spend £20m. on re-equipment and expansion of its Lincolnshire plant over the next 10 years. Back Page

● GUARDIAN ROYAL Exchange Assurance chairman expects an underwriting profit for 1976, in spite of U.K. storm damage in January. Page 30

● ELECTROLUX report forecasts a profit recovery this year, following drop in pre-tax profits from Kr.469m. in 1974 to Kr.365m. (£44.5m.) in 1975, in spite of 16 per cent. growth in turnover. Page 31

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'Under-valued pound will boost exports'

Excellent chance of U.K. recovery—German bank chief

BY NICHOLAS COLCHESTER, Bonn, May 9

The pound is now undervalued and Britain has an excellent chance for an export-led recovery, according to Dr. Otmar Emminger, deputy governor of the Deutsche Bundesbank.

He said to-day: "It could take some months, of course, but as soon as the markets realise that this recovery is being led by exports, confidence will return and the pound will recover."

He drew a contrast between the situation in Britain and that in Italy. "Over the last six to eight months, the social consensus has been re-established in Great Britain between the Government and the trade unions. This is something that is completely lacking in Italy. The social consensus is the decisive factor."

The Italian import deposit scheme was, he suggested, an appropriate answer in Italy's circumstances. "Italy is in the process of installing a siege economy. What else can it do?"

He saw the import deposit scheme mainly in monetary terms. It was the fastest way to take liquidity out of the economy, and doubly effective because it did this at the point where liquidity was doing most harm—where it was financing import hedging against a falling lira.

He felt that the main reason why the Italians had not taken Wednesday night's measures some months ago was because at that time they might have led to a "chain reaction in other countries."

Dr. Emminger insisted that it was a misinterpretation of the agreement reached at Rambouillet by Western Heads of Government to say that this called for Bundesbank intervention to help prevent the sharp falls of the lira and the pound. Rambouillet had been mainly concerned with the relationship between the dollar and other major currencies, and recently the dollar had displayed "extraordinary stability."

The pound and the lira were driven down by very deep-seated factors and no power on earth could have prevented that because "it would have been useless to put up billions of dollars to prevent their downward movement."

Dr. Emminger was sceptical about agreements at EEC meetings to strive towards mutually agreed economic and monetary policies, because a number of Governments simply did not have the power to put their good intentions into practice at home. The best hope lay in what he called a "learning process," in which other countries learned through their own experience and through hard facts that inflation was no cure for unemployment and other problems, but in the longer run only aggravated them.

Countries like Germany which had a strong balance of payments could best help other countries by a sound economic recovery on a stable basis, and by a fast increase of imports *from deficit countries. In this* connection, he quoted the fact that German imports from the U.K. during the first quarter of 1976 were up by 33 per cent. in Deutschemark terms as compared with the first quarter of 1975. Dr. Emminger hoped that recent experiences might lead to a spreading "of zones of stability" in the industrial world.

Asked whether this might not be an appropriately quiet moment to adjust some currency relationships in the "mini-snake," Dr. Emminger replied: "If there were a need for a currency adjustment, it should be done in a peaceful way, but this is not something that Germany can, or wants to, impose on the others. It is their choice.

"It seems as if they have chosen the alternative of adjustment through domestic policies, and it seems that they have quite a good chance in this, mainly because of the economic expansion in Germany with its consequent large increase in German imports."

Icelandic threat to quit NATO grows stronger

BY JON MAGNUSSON REYKJAVIK, May 9.

PRO-NATO sources in Iceland are publicly admitting for the first time that the escalation of the cod war could lead to the country's withdrawal from the Atlantic Alliance. The renewed outbreak of anti-NATO feeling follows the British decision, announced last Thursday, to send two more frigates to protect the British trawler fleet.

Senior Ministers said in a *series of week-end speeches and* interviews that a cod war settlement, which recently seemed in sight, was virtually out of the *question.*

There was a sharp attack on the alleged indifference to the conflict of the U.S. Mr. Olafur Johannesson, the Minister of Justice, who is in charge of the Icelandic Coastguard, expressed "very deep disappointment" that Dr. Henry Kissinger, the Secretary of State, had not only refused to lease the Icelanders two fast patrol boats, but had informed the British that the request would be turned down even while it was officially still being studied.

This was not the action, Mr. Johannesson said, to be expected from a country which had a defence agreement with Iceland and maintained important installations on Icelandic territory.

Barring further major incidents at sea, the next diplomatic move seems likely at the NATO Foreign Ministers' meeting in Oslo on May 20-21. Mr. Einar Augustsson, the Icelandic Foreign Minister, has said he will attend, though he will probably seek to avoid a direct meeting with Mr. Anthony Crosland, the Foreign Secretary.

Instead Mr. Augustsson plans to use the session, as he used the previous session in Brussels in December, to denounce the British for their behaviour and seek support from the rest of NATO.

According to diplomatic *sources it is likely that Mr. Knut* Frydenlund, the Norwegian Foreign Minister, will again seek to mediate. The Norwegians *have been involved in mediation* between Britain and Iceland before, most recently when Mr. Roy Hattersley, Minister of State at the Foreign Office, visited Oslo last month.

Icelandic Ministers claim that the situation was ripe at that time for their domestic public opinion to accept a negotiated settlement, and that it remained so until the British decision last week to send reinforcements. At the week-end Mr. Matthias Bjarnason, the Fisheries Minister, said that a settlement was "without doubt further away than ever before."

A decision on whether to leave NATO and ask the Americans to withdraw from their base at *Keflavik seems likely to be post*poned until after the NATO meeting, in the hope that Britain can be persuaded to back down. *But the possibility of Iceland's* departure can no longer be ignored.

The Keflavik base plays a vital *role* in the monitoring of Soviet activities in Northern waters. According to NATO sources, the facilities would take up to three years to replace elsewhere, even if that were politically possible.

Is Britain losing the war? Page 14

Hayward plan to extend party's control over Labour Ministers

BY RICHARD EVANS, LOBBY EDITOR

A NOVEL constitutional doctrine which would give the Labour Left-wing a much greater influence over Government policy, particularly in the economic *and industrial field, is to* be put to a key meeting of the party's National Executive Committee on Wednesday.

The proposal, contained in a foreword to the controversial policy document Labour's Programme 76, would oblige Ministers to treat as "guidance" not only those parts of party policy included in the election manifesto but also items excluded on various grounds.

This goes even further than the current attempt by Mr. *Anthony* Wedgwood Benn, Energy Secretary, to prevent electoral watering down of the new programme by invoking *Clause 5 of the party constitu*tion, which gives the annual conference the right to decide the party programme by a two-thirds *majority card vote.*

The new proposal, contained in the foreword signed by Mr. Ron Hayward, the party's *general secretary, is certain* to receive the enthusiastic support of the Left wing who have found in the past that many of the *more extreme* policy ideas put forward are quietly ditched from the manifesto.

If approved by the NEC and then passed by the party conference by the necessary two-thirds majority, the proposal would inevitably lead to increased conflict between Ministers and Left-wing members of the NEC over the acceptance and implementation of party policy by a Labour Government.

The issue will add to the *spirited struggle expected on* Wednesday over the future direction of party policy when the final draft of the policy programme *comes up for approval* at the special all-day meeting. The massive 70-page draft, prepared by Mr. Geoff Bish, Transport *House head of research* under the guidance of Mr. Wedgwood Benn as chairman of the Home Policy Committee, is being *shortened to about half its* original length for the meeting.

Final approval might not be given before the NEC meeting *on May 26 although most key* decisions are expected this week. The document will be published in Labour Weekly on May 28 in time *for local* constituency parties and affiliated trade unions to take its contents into account before submitting motions for *the annual conference at Black*pool in October.

The document as drafted has a pronounced Left-wing bias because *of the composition of the* Home Policy Committee, but moderate members of the NEC, including Mr. James Callaghan, will be present to argue against what they regard as its more unrealistic proposals.

These include the raising of public expenditure by £4bn. to £5 bn. including a massive increase *in funds available to the* National Enterprise Board totalling £1bn. annually, and a firm commitment to much greater *import controls.*

The Left confidently expects the NEC to back the document in all essentials but moderates might be aided by representatives of major trade unions who show no sign of rocking Labour's boat now that negotiations on the next stage of the pay policy have been concluded successfully.

Indeed, there is growing speculation in the Labour movement that even if Mr. Wedgwood Benn forces through his *proposal for each section of the* approved document to be voted on by conference under Clause 5, he might find himself *outmanoeuvred because of the* loyalty to the Government exhibited by Mr. Jack Jones, general secretary of the Transport and *General Workers' Union, and* fellow guardians of the block votes.

Such a defeat would be more damaging to *Mr. Wedgwood* Benn's prestige within the party than the watering down of policy proposals by the NEC at this stage.

Thorpe future still in balance

BY RICHARD EVANS,

PUBLICATION of letters from Mr. Jeremy Thorpe, the Liberal leader, to Mr. Norman Scott over the week-end has done little to mollify his critics within the party, which remains torn by increasingly bitter conflict. Mr. Thorpe's political future is still in the balance.

A stormy meeting of Liberal MPs and peers seems certain on Wednesday when a further discussion will be held on the position of Mr. Thorpe as leader.

Some MPs now believe that, irrespective of the merits of his defence, Mr. Thorpe has become such a divisive force that the party is in danger of disintegrating unless he departs quickly.

But *others argue that it is* grossly irresponsible to drive Mr. Thorpe from the leadership on the basis of unsubstantiated *allegations. They would much prefer to maintain the present* position of awaiting a leadership election in the autumn.

A coup from within the Parliamentary Party, where there is probably a majority in favour of Mr. Thorpe's early departure, has been prevented by the loyalty of the party rank and file who resent what they regard as a smear campaign.

The leadership has been surrounded by controversy since an outburst in a Devon court earlier this year by Mr. Scott, who *claimed* he had a homosexual relationship with Mr. Thorpe. The Liberal leader has consistently denied the claim.

Apart from letters to Mr. Scott, written on Commons note-paper on February 13, 1961, and September 30, 1962, developments over the week-end included a fresh challenge from Mr. Richard Wainwright, Liberal MP for Colne Valley, and a strong defence of the leadership by Mr. Russell Johnston, Liberal MP for Inverness.

Mr. Wainwright's intervention, before publication of the letters, was particularly damaging as he has a wide following among party workers. In a BBC radio interview, Mr. Wainwright stressed he would be delighted to continue to serve under Mr. Thorpe if he would answer a number of questions.

These included "whether Mr. Thorpe has been telling the truth over the years or not" and why he had not taken the normal legal recourse and sued Mr. Scot for libel.

Mr. Thorpe put out a statement saying he had considered taking legal action against Mr. Scott, but it was a pointless thing to do. He added he was "grateful" to Mr. Wainwright for what he called his "ever-helpful suggestions."

Mr. Johnston also criticised Mr. Wainwright for making a public attack on the Liberal leader's integrity. In his view

Continued on back page

New Lebanese leader's peace call rejected

BY JAMES BUXTON

FOLLOWING the election on Saturday of Mr. Elias Sarkis as President of Lebanon in the face of violent Left wing opposition, the key question now is whether he will be able to heal the rifts in the country and end the civil war or whether he will have to invite Syrian military *intervention to impose law and* order.

Very soon after the election hopes of a quick settlement were dashed by a militant *Left-wing* statement dismissing the vote as a farce and alleging that some deputies had been bribed into *voting, and others subjected to* threats and pressure. The statement called on the population to take up arms against "continued *attacks and provocations.*"

Mr. Sarkis, who, in accordance with the Lebanese constitution, is a Christian, was elected with 66 votes on a second ballot, thus getting the support of two-thirds of the Parliament. He was the only candidate after his rival, Mr. Raymond Eddé, decided to boycott the session in protest against what he and his Left wing and Moslem supporters called Syrian intervention in the election.

The Left wing militia made a concerted effort to prevent the election by keeping up a steady barrage of mortar and machine-gun fire as deputies made their way to the new parliamentary headquarters located in a neutral zone between Christian and Moslem areas. The Speaker, Mr. Kamal Al Assad, had refused to postpone the election for the second time in the face of Left wing pressure.

There was heavy fighting between the Left wingers and members of Saiqa, the Syrian-backed Palestinian movement. Four people were killed in a battle around the hotel in which Mr. Sarkis was staying.

Broadcast

In a brief broadcast, Mr. Sarkis, who has been governor of the Lebanese Central Bank for *the past nine years, promised to* be President of all Lebanon and all the Lebanese. He urged all factions to stop fighting and begin reconstructing the country, and promised co-operation with the Palestinians and the Arab States.

But the Left-wing alliance under Mr. Kamal Jumblatt declared its continued opposition to the election, although it did not mention Mr. Sarkis by name. One view is that the Left-wing may be prepared to co-operate with Mr. Sarkis provided he agrees to fulfil some of their demands about changes in the Lebanese political system.

Before Mr. Sarkis is sworn in as the new President, the existing President, Mr. Suleiman Franjieh, must resign, which he is expected to do later this week.

Mr. Sarkis has said that to re-establish order he will ask all warring factions to declare an end to the "state of war" in the country. But this may not *be enough. Mr. Sarkis has no* real power base and he will probably lack the influence to persuade either Left or Right to disarm and disband *their private* armies. Observers believe that he will then move to conclude a "security" treaty with Syria so that the latter can help maintain security while the Lebanese police force and army, both of them disrupted, are reunified

Stronger

This would lead to the risk of stronger opposition by the Left-wing which anyway feels that Mr. Sarkis is a Syrian puppet. An important factor will be the extent to which Syria can persuade the Palestinian commandos in Lebanon to stay aloof from the civil strife.

Since Syria has in the past been the source of much of their strength the Syrian Government can exert a great deal of pressure on some of the Palestinian leaders. But while the Palestinian Liberation Organisation (PLO) is not as obedient to Syria as it was, the groups under its umbrella might be willing to accept Syrian arguments. The extreme Left "rejection front" groups, however, would not. They tend to see Syria as involved in a U.S.-engineered plot to wipe out the Palestinian Revolution and owe their allegience to Syria's great Arab rival.

Without Palestinian help the Left wing could find itself *under* heavy pressure from the Right which is believed to be better equipped and has ammassed *large quantities of ammunition.* With or without Syrian armed intervention it seems hard to believe that the present state *of de facto partition in Lebanon* will be ended. The civil war has already taken at least 15,000 lives.

*The news of Mr. Sarkis's elec*tion was warmly welcomed in the Syrian Press yesterday. Al-Baath said in an editorial that "*Damascus now feels that it is* concerned more than before in enabling the elected president to restore things to normal and carry *Lebanon out to the shores* of security. Damascus is extending its hand to President Sarkis and all Lebanese to forget about grudges *and work for love and* peace."

Lebanon's new president Page 5

THE WEEK IN THE COURTS

Courts make life harder for the Press

BY JUSTINIAN

FREEDOM OF speech in Britain is not guaranteed by any constitutional document. But it is proudly proclaimed by the judges as one of the great liberties which it is the prime duty of the courts to protect. It is not of course an absolute freedom. It is circumscribed in various branches of the law.

Our libel laws protect the reputation of living persons from untruthful defamations; the contempt laws stop publication of matters prejudicial to a fair trial; the obscenity laws outlaw, or seek nowadays imperfectly to ban, material that tends to deprave and corrupt. The constant question is how far these various aspects of the law actually impinge upon the freedom of expression. If they extend beyond what is strictly necessary to protect the particular public or private interest, the freedom of expression is to that extent depreciated.

Three recent cases in the courts, all of them affecting directly some organ of the Press, present a disquieting picture.

The first has already aroused controversy. It is the revival of proceedings for criminal libel brought by a private citizen against a periodical, Private Eye. The use of this ancient sledgehammer against the written word, allowed by a ruling of Mr. Justice Wein (curiously a decision that cannot be referred to the Court of Appeal) has evoked a *strong reaction.* Whatever the merits of retaining this legal blunderbuss against some purveyors *outside the Press* of scurrilous utterances against public officials who cannot defend themselves adequately, the ordinary law of libel whereby heavy damages can be awarded, should suffice in other instances. Any prosecution for criminal libel involves possible imprisonment for the defendant, as opposed to the ordinary procedure of civil remedy of damages, and perhaps an injuction. Broadly speaking, the essential difference between the criminal and civil proceedings is that in the former, truth is not by itself a defence. The defendant must also show that what he published was in the public interest.

Mentioning heavy damages brings one to another potential danger. In October 1973 The Observer libelled Lord Bernstein in an article dealing with public companies whose shares were so tightly held that the ordinary investor could not get a look-in. The article espoused the cause of those who protested that no Stock Exchange quotation should be permitted unless the shares were freely marketable. As an example of this practice by some public companies The Observer singled out the share ownership of a company with which Lord Bernstein had substantial connections. The comment made by The Observer's correspondent was based on such factually incorrect matter as to deprive the paper of the defence of fair comment.

The Court of Appeal rejected The Observer's plea that the trial judge had misdirected the jury on the meaning of the words in the article. On that score one need have no fear that the judges did not scrupulously analyse the trial judge's direction, and having found no fault with it affirmed the inviolate decision of the jury. But the jury had awarded Lord Bernstein £35,000 damages.

Is it really necessary for the law to do more in such cases than to declare the plaintiff utterly vindicated by the jury's decision and that his character remains unimpaired?

The size of awards of damages by juries on libel actions have been a source of disquiet for *some years.* So much so that the Faulks Committee on Defamation proposed last March that in future juries should declare only *whether* damages should be *substantial*, moderate, nominal or contemptuous: it would be for the judge to declare the amount within the category designated by the jury.

Disturbing

The last of the trilogy of cases is at first blush the most disturbing, but is less disquieting because it is correctable by the appeal court, which one feels confident will reverse the decision. The facts are quite complicated, but in essence two newspapers, The Daily Telegraph and the Slough Evening Mail, published a full history of the background of the relationship between a 16-year-old girl, who was a ward of court, and her boyfriend, who was strongly disapproved of by the girl's parents. The newspaper article revealed the nature of the couple's association, laced with details of the correspondance between the social worker and the Official Solicitor whose report to the court in the wardship proceedings had been read over the telephone and subsequently shown to a journalist by the ward's father.

Everything turned on a provision of the Administration of Justice Act 1960. A section of that Act provided that the "publication of information relating to proceedings before any court sitting in private shall not of itself be contempt of court, except where the proceedings related to the wardship or adoption of an infant." A further provision cryptically added that nothing in that section should be construed as implying that any publication is punishable as contempt of court which would not be punishable apart from that section. Mr. Justice Tudor Evans in the Family Division of the High Court last Tuesday said that this provision created a new ground of contempt. His ruling contradicted an earlier ruling that held that a court, when considering an alleged breach under the 1960 Act, must have regard to the old law of contempt.

Under the pre-1960 law it was not a contempt of court to publish a report of, or comments on proceedings which had been held in private, except where the reason for holding the proceedings in secret was that publicity would destroy the subject matter of the litigation, or *where the court was exercising* its parental jurisdiction over infants. It was only the proceedings in court that were specifically protected.

Whatever the answer to the rival contentions on the construction of the 1960 Act, last week's ruling prohibits publication of material far beyond what was said and done during the hearing behind closed doors of the court. The statute does not ban the reporting of legal proceedings as such, which would include every stage of the litigation. It only places a cloud of secrecy over what is actually done within the courtroom. And newspapers can readily respect such a clear ruling. What is not so easy to observe is a restriction on material fed to the Press by the parties which may or may not have been part of the court proceedings.

CRICKET — BY TREVOR BAILEY

£150,000 indoor school for Lord's

FOR A long time the MCC has dreamed of establishing a top-class indoor cricket school at Lord's. It is clearly logical and desirable that the headquarters of cricket should have a place where the game can be taught and encouraged throughout the year, especially during those dark winter months. Now thanks to the generosity of Mr. J. A. Hayward, OBE, it seems as if the project will become a reality.

The estimated cost of the building, which will include seven nets with 16-yard run-ups and can also be turned into a play area for the increasingly popular six-a-side game, is £150,000. Mr. Hayward, whose previous philanthropic acts include Lundy Island to the National Trust, saving and restoring the steamship Great Britain, and substantially subsidising women's cricket, has promised £75,000. This means that the MCC is already half way to its target. It has now launched an appeal to members for the remaining £75,000 which, as it should benefit the game so much in the future, must surely be successful.

It should be appreciated that cricket, because it is essentially a sideways-on game is not a natural art and therefore some coaching—preferably at an early age—is essential. The natural way to hit a moving ball with a bat is to swing across the line, but nobody can hope to make runs regularly until they have learned to attack and defend, using the full face of the bat and have acquired the footwork to match.

Intricate

The natural ball player will obviously *tend* to *master* the fundamentals more quickly than most, but there is no doubt that thousands of cricketers have failed to approach their potential because they have never been shown, or learned, the basics of a distinctly intricate sport.

Every golfer knows the importance of a grooved swing but it takes time and practice to acquire, if it ever is. This is even more vital in cricket and more difficult, because the ball is moving and the feet positions infinitely more varied.

The nets are the ideal place to be taught batting, to correct faults and to practise bowling. Unquestionably the indoor cricket school at Lord's has an important part to play in the development of the game, which despite the ever increasing number of counter-attractions and the lack of opportunities at all too many Government schools, is still becoming more popular.

Although coaching is essential, there are an alarming number of indifferent coaches around so that — just as there are players who suffer from a lack of adequate tuition — there are also some who suffer from over-coaching.

One of the most damning coments of a cricketer is "good net player"; in other words a batsman who looks good in the nets but never scores any runs. When at Cambridge we had a classic example, a batsman who was very impressive at practice, whereas Doug Insole would struggle unconvincingly, but when it came to the middle where it matters it was entirely the other way round.

Flexibility

What I would like to see from coaches is greater flexibility in their approach. They need to appreciate that what is right for one person can be equally wrong for another. They should avoid being too dogmatic. In the early stages it is right to teach a boy to stop the good ball and punish the bad, but later he needs to be shown how to score off the good length bowling.

Too many county committees still fail to realise the value of a top-class coach and therefore are not prepared to pay adequate wages. Here they could take a lesson from soccer, particularly on the Continent.

Judging by the first-class cricket I have seen in recent years I have been worried by obvious weaknesses in batting techniques of a number of established county *players* and—rather less apaprent—several in bowling.

Many of these ought to have been cleared up by the county coach. Possibly the players themselves are not willing to listen, but this was certainly not borne out by a rather sad comment from a first-class player, who has recently given up the game and might well have made the national eleven. He reckoned that in his three years with his county, which must remain nameless, he never received any worthwhile advice.

Tshabala wins French open

LE TOUQUET, France, May 9.

VINCENT TSHABALA, a 35-year-old black South African, won the French Open golf championship here to-day with a final round of 67 for a 16-under par score of 272. He won £3,570.

Second on 274 was Spain's Salvador Balbuena, who scored 72 to-day. Britain's Neil Coles (70) and Sam Torrance (70) and Rhodesia's Simon Hobday (71) were joint third on 276.

Reuter

SOCCER

Lucky old England

IT WAS a thoroughly depressing day for British soccer at Ninian Park, where a sadly inept England sneaked a completely undeserved 1—0 victory over Wales, who played nearly all the football worth watching and dominated for most of the match. The Welshmen failed to win because their finishing did not match their attractive approach work, especially in the first half, when they should have scored at least twice.

On this showing it is difficult to see Yorath and company scoring the goals they need in the second leg of their European Nations Cup with Yugoslavia on Saturday week. England's hopes of qualifying for the final stages of the next World Cup, let alone making any serious impression, appear even less.

During the first 45 minutes Revie's men were so poor that it was difficult to believe they were a national eleven. Only Clemence and Keegan looked true international calibre.

There was plenty of effort, running and muscle, but an acute shortage of craft and even basic ball control. The midfield trio of Gerry Francis, Towers and Kennedy was a positive embarrassment, being almost completely devoid of creative ideas, and frequently unable to make a straightforward pass accurately. One felt sorry for the three forwards who had to make and mend without any real service from behind.

In contrast the three Welsh halves—the bubbling Mahoney, the non-stop Yorath and the little Flynn—showed how to use a ball, and created many chances, which all went a-begging.

England improved in the second half, or perhaps Wales, after missing another two good chance to score early on (one to Toshack, and the other kept out by the agility of Clemence) realised that this simply was not their day, and lost some of rhythm and heart? Cer[...] those two promising centre[...] Thompson and Greenhoff [...] had been plagued by the [...] like Toshack before the in[...] snuffed him out completely [...] automatically reduced the [...] of James and Curtis.

The 58th minute goal decided the match was [...] fully taken by the [...] Taylor, who has scored on [...] time he has worn an E[...] shirt, underlining that he [...] of the deadliest two-[...] finishers in the business.

After this set-back [...] could not come back. Two substitutions made no differ[...] and they were reduced to [...] ing high balls into the [...] and hoping something [...] happen. Nothing did, and [...] land, who from then, we[...] command, might have [...] further ahead if Davies ha[...] brought off a fine save [...] Keegan's header.

LAWN TENNIS — BY JOHN BARRETT

Coca Cola draws thin field

BOURNEMOUTH was a sweltering Costa del Dorset rather than the gale-swept resort we are accustomed to as qualifiers for the Coca Cola Hard Court Championships of Great Britain—the first major event of the British season—sweated it out on the red dust courts.

They were playing for six men's and four women's places in the two-star Grand Prix tournament, in which prize money and other statutory con*tributions total £52,207*, an *in*crease of £1,700 over last year.

For this sort of expenditure, Coca Cola was entitled to expect a first-class entry. But the field has been left looking desperately thin as a result of clashes with the end of the World Championship of Tennis Finals in Dallas and the lucrative Association of Tennis Professionals tournament in Las Vegas, which begins to-day, as well as America's Team Tennis, in which the world's six top women are playing.

Despite personal representations by Mr. Eric Churchward, of Coca Cola, to the men's International Professional Tennis Council, nothing could be done to improve matters this year. The council is well aware, however, that unless sponsors of this order are given value for the money they invest, they will be lost to the game.

The men's champion, Spanish left-hander, Manuel Orantes, heads the field, with New Zealand's Onny Parun—cast as his probable final opponent.

As U.S. Open champion and third in the list of prize-money winners last year, Orantes must be strongly fancied to retain this title, which set him off on his five-tournament victory run last year.

Corrado Barazzutti of Italy is seeded third and should meet last year's beaten finalist, Patrick Proisy (France) for the right to meet Orantes in the semi-final.

Parun has Wotjek Fibak as his quarter final opponent, but the Pole's fitness is doubted. His absence would be a serious loss, for this attractive and dedicated player has just won the WCT doubles title in Kansas City, with Germany's Karl Meiler, a result that confirms his rising status.

The absence of Mark Cox, on Tennis duty, as well as Roger Taylor and Buster Mottram, preparing for the forthcoming Davis Cup match against Rom[...] means that John Lloyd of [...] is the highest ranked British [...] on view. He is in the quar[...] No. 4 seed, Juan Gisbert (S[...]

There will be more than [...] interest in the form of th[...] women's seed Sue Barker [...] Paignton, Britain's [...] ranked player. With the w[...] top ten women all engaged [...] the 12 teams of Team Te[...] she has a golden chance to e[...] lish a reputation in the Eur[...] championships here, in [...] and in Paris, leading to Wi[...] don.

Already this year, she has [...] $35,000 in New Zealand, an[...] American Virginia Slims to[...] ment. She has beaten [...] Reid (formerly Melville) [...] Australia. Russia's Olga [...] zova and significantly, Vir[...] Wade, the No. 1 British p[...] who won the title here four [...] in 1967, 1968, 1973 and 197[...]

In addition, she has twice [...] Christ Evert close.

Miss Barker said yester[...] "I feel I have one foot in [...] door already, but I want to [...] their club."

Official favourite to meet [...] in the final, is the graceful [...] German Helga Masthoff.

RUGBY LEAGUE — BY STUART ALEXANDER

A day for the underdogs

ST HELENS turned on a blistering display of fast running and handling in the last 15 minutes to win the Rugby League Challenge Cup at Wembley on Saturday.

Although starting as underdogs—a team of tired old men, as one disparaging critic put it—they beat Widnes, who looked far stronger on paper, by 20 point to 5. In doing so they denied their Lancashire rivals of only seven miles away a second successive cup victory.

The first half was less than inspiring with both teams putting up very tight defences. At that stage Widnes looked the better of the two sides. They allowed St. Helens far less room than they were able to make themselves and seemed to have the extra pace which would tell in the end.

But despite their constant use of the dual battering ram attack with Nick Nelson and John Wood, spurred on by their tireless captain Reg Bowden, they were unable to break through.

It was St. Helens who worked the first try in the 12th minute through a fine inside switch past from Benyon to Cunningham who dived over to score.

Pimblett—later deservedly voted Man of the Match—converted and added a drop goal to allow St. Helens to turn round at half time leading by six points to four. Dutton, the Widnes full-back, kicked two easy penalties to keep Widnes in the hunt.

On such an energy-sapping day with the sun beating down on the 90,000 crowd and the ground hard and dry, it was obvious that something would have to give in the second half and it was [...] Widnes defence.

St. Helens opened up [...] breach and with it their g[...] to score three glorious tries [...] made for a memorable [...] thrilling finish.

The baying of the Widnes [...] was silenced as St. Hel[...] attacked towards their own [...] porters and showed why [...] that advocates of the pro[...] sional 13-man game cl[...] superior skill to their amat[...] union counterparts.

Their tackling was commi[...] and conclusive, the forwards [...] and handled like centre th[...] quarters and when the bre[...] were made the points w[...] scored.

For Kel Coslett, the St. Hel[...] captain, there could hardly b[...] been a more perfect match [...] result on which to retire.

RACING — BY MICHAEL THOMPSON-NOEL

Ladbroke revives Lingfield

THE re-emergence of Lingfield Park, Surrey, as a force to be reckoned with among Britain's 63 racecourses, continues.

Two years ago, when it was bought by the Ladbroke Group—the biggest of the Big Four off-track betting companies—Lingfield was virtually on its knees.

Now it is prospering. Ladbroke, which also has a management contract to run Liverpool's Aintree course, paid about £550,000 for Lingfield. Although a few eyebrows were raised—the notion of a major bookmaking firm venturing into race course ownership was too near the *knuckle* for some—Ladbroke's flair and marketing muscle have produced results.

Lingfield's attendances last year were 15 per cent. up compared with an 8 per cent. national average decline for racecourses. This year, says Clerk of the Course John Hughes, the target is a 50 per cent. increase. The 8,000 who turned up on Saturday for the Lingfield Derby Trial enjoyed the day.

John Hughes, one of the most talented entrepreneurs available to racecourse managements (he transformed Haydock Park from obscurity to success and is also Clerk of the Course at Aintree and Chepstow) says his first task at Lingfield was to tell people where it is.

"That sounds too simple, but it was absolutely necessary. We've used commercial radio, direct mail shots and Press advertising.

"We've also democratised the rings. There are now only two—the grandstand (£1.50) and the club (£3.50). And we've worked hard to improve the quality of the racing to attract the better horses and the best jockeys.

Lingfield's prize money this year will be £180,000 compared with £120,000 when Ladbroke took it over and the number of commercial sponsors has risen from one (Ladbroke) to 11. The latest brainwave was last we[...] opening of a Wheeler's oy[...] bar.

A further boost for the [...] broke parent was the [...] eclipse of Riboboy, owned [...] Lady Beaverbrook, the [...] favourite for Saturday's De[...] Trial. Like many sons of R[...]—which in his later years [...] stud in Kentucky became [...] violent menace—Riboboy cl[...] has a mind of his own.

Saturday's heat may [...] jangled his nerves. He [...] jumped on leaving the stalls [...] tried to throw Joe Merce[...] display of zany recalcitr[...] which, according to an obse[...] from the Sporting Life, cost [...] 15 lengths.

Riboboy did nothing to red[...] himself, though the Spor[...] Life man still regards him [...] better Epsom Derby pros[...] than Norfolk Air, which [...] the race at 9—1.

The men from Ladb[...] smiled. "You win some, [...] lose some," one said.

Carson can score on Mantop

BY DOMINIC WIGAN

WILLIE CARSON, who brought his wins for the season to 20—four short of leader Pat Eddery's tally—with a treble at Lingfield on Saturday, looks set to land this evening's Dusty Miller Handicap at Windsor with *Mantop.*

Clive Brittain's compact Tamerlane colt, who showed his appreciation for fast going in a maiden race there last summer, has run well on both his appearances this season.

A half-length winner from Charles Martel in a competitive 13-runner event at Leicester just over a month ago, Mantop went on to finish a close fourth behind Tornado Prince in Pontefract's 1¼-mile Harwick Handicap on April 14 after becoming slightly outpaced at half way. To-day's additional 1½ furlongs should suit the Newmarket colt admirably, and with only 8 st 3lbs in the saddle, he appears a sound bet.

AYR

2.45—Westbrok
3.15—Vishvamitra
3.45—Krugerrand
4.15—Peter Grimes

WINDSOR

6.10—Big Treat
6.35—Private Well
7.00—Mantop
7.30—Karella
8.00—Rocketania
8.30—Springboard

I hope to see him leading Grave Talk, a winner three times already over this course and distance, but one who has not obliged in seven outings since scoring at Leicester early last summer.

In a tricky event for the opening two-year-old race, the E[...] Charm Stakes, it could [...] backers to give another cha[...] to *Big Treat.* Peter Walwy[...] attractive colt lost all cha[...] when favourite on his debut [...] Sandown a fortnight ago thro[...] *a slow start.*

At Ayr's afternoon meet[...] *Krugerrand* is narrowly [...] ferred to Barry Hill's Lambo[...] challenger, Grecian Bond, in [...] Montrose Handicap; and *Pe[...] Grimes* should have a relativ[...] simple task in the 1½ mi[...] Craigie Stakes.

Peter Grimes, a strongly m[...] son of that fine stallion, Tu[...] Melody, was running on stron[...] when finishing third of 16 beh[...] Jackolean and Jimmy [...] Singer in the seven furlo[...] Peleid Stakes at Doncaster th[...] weeks ago, and to-day's trip w[...] suit him ideally.

TV/Radio

BBC 1

† Indicates programme in black and white

7.05-7.55 a.m. Open University (UHF only). 9.38 For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Barnaby. 2.01 For Schools, Colleges. 3.25 Anno Domini. 3.53 Regional News (except London). 4.00 Play School. 4.25 Boris the Bold. 4.30 Jackanory. 4.45 Blue Peter. 5.15 Bewitched. 5.40 Paddington.

5.45 News.
6.00 Nationwide.
7.00 A Question of Sport.
7.25 Star Trek
8.10 Spirit of 76.
9.00 News.
9.25 The Monday Film: "How Do I Love Thee," starring Maureen O'Hara and Jackie Gleason.
11.10 Tonight.
11.45-11.47 Weather / Regional News.

All Regions as BBC-1 except at the following times:—

Wales—1.45-2.00 p.m. Pili Pala. †2.18-2.38 For Schools: Let's Look at Wales. 6.00-7.00 Wales Today. 7.00-7.20 Heddiw. 7.20-7.45 Tomorrow's World. 7.45-8.10 A Question of Sport. 11.45 News and Weather for Wales.

Scotland—6.00-7.00 p.m. Reporting Scotland. 11.10-11.45 Public Account. 11.45 News Summary and Weather for Scotland.

Northern Ireland—3.58-4.00 p.m. Northern Ireland News. 6.00-7.00 Scene Around Six. 11.45 News Headlines and Weather for Northern Ireland.

England—6.00-7.00 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands Today (from Birmingham); Look East (from Norwich); Points West (from Bristol); South Today (from Southampton); Spotlight South West (from Plymouth).

BBC 2

6.40-7.55 a.m. Open University.
11.00 Play School.
5.00 p.m. Open University.
7.05 The Craft of the Potter.
7.29 Weather.
7.30 Newsday.
8.10 The Waltons.
9.00 The Pallisers.
9.50 Horizon.
10.40 The Camera and the Song.
11.05 Newsnight.
11.20-11.25 Closedown: Georgine Anderson reads "The Galloping Cat," by Stevie Smith.

LONDON

9.30 a.m. Schools Programmes. 12.00 Simon in the Land of Chalk Drawings. 12.10 p.m. Rainbow. 12.30 Drive-In. 1.00 First Report: News, FT index. 1.20 Lunchtime Today. 1.30 Emmerdale Farm. 2.00 Good Afternoon. 2.30 Monday Matinee: "A Summer Without Boys." 3.55 General Hospital. 4.25 Clapperboard. 4.50 The Kids from 47A. 5.20 Batman.

5.50 News from ITN.
6.00 Today.
6.45 The David Nixon Show.
7.30 Coronation Street.
8.00 My Brothers Keeper.
8.30 World in Action.
9.00 Manhunter.
10.00 News.
10.30 General Strike Report.
10.45 Discovery.
11.15 People and Politics in America.
12.00 Homosexuality—Towards a Christian View.

All ITV Regions as London except at the following times:

ANGLIA

12.30 p.m. Out of Town. 1.25 Anglia News. 2.00 Houseparty. †2.30 Monday Afternoon Film: "Nothing Barred" starring Brian Rix and Leo Franklin. 4.25 The Romper Room. 5.20 Nanny and the Professor. 6.00 About Anglia. 9.00 The Streets of San Francisco. †10.45 Monday Late Film: "The Strangler." 12.20 a.m. Reflection.

ATV MIDLANDS

12.30 p.m. Seven Ages of Fashion. 1.20 ATV Newsdesk. 2.30 Feature Film—Rendezvous With Romance: "Only With Married Men." 3.45 Betty Boop. 6.00 ATV Today. 9.00 Hawaii Five-O. 10.50 Platform for Today. 11.35 The Protectors. 12.00 Canon Peter Hall.

BORDER

12.30 p.m. Farmhouse Kitchen. †1.20 Border News. 2.00 Houseparty. 2.30 Monday Matinee: Banacek. 5.20 Out of Town. 6.00 Border News and Lookaround. 6.15 Try for Ten. 9.00 Police Woman. 10.45 Monday Late Film: "No Man of Her Own" starring Barbara Stanwyck. †12.30 a.m. Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 2.30 The Monday Matinee: "Gallant Journey." 5.20 Survival. 6.00 Report at Six. 9.00 Police Woman. 10.50 The Collaborators. 11.45 News and Weather in French followed by Channel Gazette.

GRAMPIAN

12.30 p.m. Farmhouse Kitchen. 1.20 Grampian News Headlines. 2.30 Feature Film: "Only With Married Men." 5.20 The Mary Tyler Moore Show. 6.00 Grampian To-day. 6.10 The Jim Macleod Show. 9.00 Police Woman. 10.45 Music at Harewood. 11.15 The Zoo Gang. 12.10 a.m. Evening Prayers.

GRANADA

12.30 p.m. The Galloping Gourmet. 1.20 This is Your Right. †2.30 Monday Matinee: "Vote for Huggett." 5.15 Meet Peters and Lee. 6.00 Granada Reports. 9.00 Police Woman. 10.45 Reports Action. 11.15 Appointment with Fear: "The Screaming Woman."

HTV

12.30 p.m. Being A Child. 1.20 Report West Headlines. 1.25 Report Wales Headlines. 2.00 Housecall. †2.30 The Monday Matinee: "Night Train To Paris." 3.40 Help Yourself. 5.20 Out of Town. 6.01 Report West. 6.22 Report Wales. 9.00 Police Woman. 10.45 The Monday Film: "The Outsider."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 2.00-2.30 Hamdden. 6.01-6.22 Y Dydd. 8.30-9.00 Yr Wythnos.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.22-6.45 Report West.

SCOTTISH

12.30 p.m. Out of Town. †1.25 Road and Weather Report. 2.00 Housecall. 2.30 Feature Film: "Only With Married Men." 5.20 Wait Till Your Father Gets Home. 6.00 Scotland Today. 6.30 Crimedesk. 9.00 Police Woman. 10.45 Monday Briefing. 11.15 Late Call. 11.20 Love American Style.

SOUTHERN

12.30 p.m. The Way We Live. 1.20 Southern News. 2.00 Houseparty. 2.30 The Monday Matinee: "The Man Who Could Talk To Kids" (TV Movie). 6.00 Day by Day. 9.00 Police Story. †10.45 The Frighteners: "The Ghost Of Frankenstein" starring Lon Chaney Jr., Sir Cedric Hardwicke and Bela Lugosi. 12.00 Southern News Extra. 12.10 a.m. Meet Jesus Music. 12.15 Farm Progress.

TYNE TEES

9.25 a.m. Starting Point. 12.30 p.m. Farmhouse Kitchen. 1.20 Lunchtime News and Lookaround. 1.30 The Odd Couple. 2.00 Housecall. 2.30 Monday Matinee: "The Challenge." 5.20 Emmerdale Farm. 6.00 Today at Six. 6.35 Police Call. 9.00 Police Woman. 10.45 The Westminster File—A portrait of the Rt. Hon. George Thomas MP—"Mr. Speaker." 11.15 Music at Harewood. 11.45 Epilogue.

ULSTER

12.30 p.m. Farmhouse Kitchen. 1.20 Ulster News Headlines followed by Lunchtime. 2.00 Women Only. †2.30 Monday Matinee: "The Private Life of Don Juan" starring Douglas Fairbanks Sr., Merle Oberon and Binnie Barnes. 4.25 Ulster News Headlines. 5.20 Survival. 6.00 UTV Reports. 9.00 Movin' On. 10.45 Monday Night with the Rev. J. A. McCamley, Rector of Carnalea. 10.55 Monday Movie: "The Way of the Gold."

WESTWARD

12.25 p.m. Gus Honeybun's Birthdays. 12.30 Wake Up To Yoga. 1.20 Westward News Headlines. †2.30 The Monday Matinee: "Gallant Journey" starring Glenn Ford and Janet Blair. 5.20 Survival. 6.00 Westward Diary. 6.20 Sports Desk. 9.00 Police Woman. 10.40 Westward Late News. 10.52 The Collaborators. 11.45 Faith for Life.

YORKSHIRE

12.30 p.m. Farmhouse Kitchen. 1.20 Calendar News. 1.30 Hogan's Heroes. †2.30 Monday Matinee: "Remember The Day" starring Claudette Colbert and John Payne. 5.20 Emmerdale Farm. 6.00 Calendar. 9.00 Police Woman. 10.45 Music at Harewood. 11.15 The Monday Night Film: "Fanatic" starring Tallulah Bankhead.

RADIO 1 — 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Johnnie Walker including 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) (also on VHF). 4.30 It's D.L.T. OK! 5.45 Newsbeat. 6.02 John Dunn (S) (joins Radio 2). 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

RADIO 2 — 1,500m and VHF

6.00 a.m. News Summary. 6.02 Colin Berry (S) including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including 8.27 Racing Bulletin. 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.50 p.m. Sports Desk. 1.55 Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1, but including on 1500m only (also 202m Scotland). 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 The Monday Movie Quiz. 7.30 Sports Desk. 7.33 Alan Dell: 7.33 The Dance Band Days. 8.02 The Big Band Sound (S). 9.02 Humphrey Lyttelton with "The Best of Jazz" on records (S). 10.02 Sports Desk. 10.06 Band Parade (S). 11.02 David Bellan with The Late Show (1500m only, also 202m Scotland. VHF joins Radio 1). 12.00-12.05 a.m. News.

RADIO 3 — 464m, Stereo & VHF

‡ Medium Wave only

7.00 a.m. News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Des Prez (S). 9.45 Talking About Music (S). 10.15 One Piano, Four Hands (S). 11.10 Holland Festival 1975, concert, part 1: Saint-Saëns (S). 11.35 In Short (talk). 11.45 Concert, part 2: Mahler (S). 1.00 p.m. News. 1.05 BBC Lunchtime Concert: Bach, Dvorak (S). 2.05 New Records (S). 3.05 Matinee Musicale (S). 4.05 Organ Recital (S). 4.55 Bandstand (S). 5.25 Pied Piper (S). ‡5.45 Homeward Bound. 6.05 News. 6.10 Homeward Bound (continued). 6.30 Lifelines: Home and Family. 7.30 Rostropovich and the BBC SO, concert, part 1: Dvorak (S). 8.30 Dr. Johnson (reading). 8.30 Concert, part 2: Berlioz (S). 9.35 Couperin, harpsichord recital (S). 10.00 Gielgud and Richardson talk to Martin Jenkins. 11.00 Bach's Easter Music for 1724 (S). 11.25-11.30 News.

Radio 3 VHF only—6.00-7.00 a.m. and 5.45-7.30 p.m. Open University.

RADIO 4 — 434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Week. 6.40 Prayer for the Day. 6.45 Today. 7.00 News and more of Today, including 7.25 VHF Regional News and Weather. 7.45 Thought for the Day. 8.00 News and more of Today, including 8.25 VHF Regional News. 8.45 James Cameron with the BBC Sound Archives. 9.00 News. 9.05 Start the Week with Richard Baker. 10.00 News. 10.05 Wildlife. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Any Questions? 11.50 Announcements. 12.00 News. 12.02 p.m. You and Yours. 12.27 Desert Island Discs. 12.55 Weather, programme news. VHF (except London and SE) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour (from 2.00) including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre: "Relative Values." (S). 4.35 Story Time. 5.00 PM Reports. 5.50 Financial Report. VHF Regional News and Weather. 5.55 Weather. 6.00 News. 6.15 What's It All About? 6.45 The Archers. 7.00 News. 7.05 The World In Focus. 7.30 The Monday Play: "Serjeant Musgrave's Dance." 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book at Bedtime. 11.00 The Financial World Tonight. 11.15 Today in Parliament. 11.30 News.

For Schools (VHF only)—10.05 a.m.-12.00 noon and 2.00-3.00 p.m.

BBC Radio London — 206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Richard Vaughan with Rush Hour. 9.00 Susie Barnes with London Live. 11.03 In Town. 12.03 p.m. David Simmons' Call In including 12.45 London News Desk. 2.03 Paul Owens with 206 Showcase. 4.03 You Don't Have to be Jewish. 4.32 Tony Fish with Home Run, and at 5.00 and 6.00 London News Desk. 7.00 In Town. 8.00 Close Up. 8.30 Breakthrough. 10.03 Robbie Vincent's Late Night London. 12.00-12.05 a.m. As Radio 2.

London Broadcasting — 261m and 97.3 VHF

5.00 a.m. Morning Music. 6.00 "AM"—breakfast-time show. 10.00 Brian Hayes—talking to London. 1.00 p.m. Newswatch. 3.00 Newsbreak. 7.30 Music in Stereo. 8.00 Nightline. 1.00-4.30 a.m. Nightwatch—news every half-hour.

Capital Radio — 194m and 95.8 VHF

6.00 a.m. Graham Dene: The Breakfast Show. 9.00 Michael Aspel. 12.00 Dave Cash: Cash on Delivery. 3.00 p.m. Roger Scott. 7.00 Jane Walmsley and Bryan Wolfe: London Today. 7.30 Adrian Love: Open Line. 9.00-11.00 p.m. Nicky Horne: Your Mother Wouldn't Like It. 11.00 The Late Show. 2.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 3,075

ACROSS

1 People get round to help a young girl (6)
4 Birds with canine habits (8)
9 A sharp reply employed by the chemist (6)
10 But German river is found in Wales (8)
12 Negotiating to have a meal in Hertfordshire town (8)
13 Rome's invitation to the faithful in church (6)
15 A well-known figure in cricket (4)
16 Comfortable travel for a chap with influence (7)
20 Champion a youngster in distress (7)
21 It is awkward to be in this vehicle (4)
25 Worker in a taxi from Cambridge (6)
26 Impressive quality Mrs. Mopp is to master (8)
28 Crooked dealer is apprehended (8)
29 A girl in the network (6)
30 An advantage, but not so much in a crooner (8)
31 "They please, are pleased, they give to get — " (Goldsmith) (6)

DOWN

1 "From — to Waterloo in order categorical" (Pirates) (8)
2 A hindrance en route (2, 3, 3)
3 A traitor in time must make mistakes (6)
5 A doctor in two levels of the pulpit (4)
6 And merit can change the weary male (5, 3)
7 Put your money in underwear (6)
8 A poem for junior to catch (6)
11 Geographically narrow-minded (7)
14 Cunning affront to the ear (7)
17 Preserve a sign in the islands (8)
18 Accountant takes us on the lake for a chat (8)
19 Haphazard result of money in a male (2, 6)
22 A horse from South Carolina is a gem (6)
23 Is cane to be employed as a precaution? (2, 4)
24 The doctors about one are lazy fellows (6)
27 Eager for mourning (4)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

Burlington House, Piccadilly

Royal Academy Summer Exhibition

Paintings

For the 208th time, in an unbroken sequence that goes back to its foundation, the Royal Academy brings in the summer with its open exhibition of painting and sculpture. The general public, without doubt, will flock to the show in this as in other years; for the Academy holds a special place in the popular imagination, and is given an importance that many artists would still question.

But things are changing. In the ten years of his presidency, the late Sir Thomas Monnington worked a quiet but nonetheless radical revolution, that might well prove to be the Academy's salvation. He sowed the seeds early, setting an example to his colleagues by his own catholic and sympathetic response to new work, encouraging the recruitment of rather younger artists, and listening to their suggestions and advice.

It was a slow process, and the pace could not be forced. We have known what was happening for several years, but only now are the fruits becoming more generally apparent. This is an important year for the Academy, when dreadful financial problems must be faced, but also when, under its new president, Sir Hugh Casson (who is manifestly full of energy and enthusiasm for the job), it is moving back at last towards the centre of the English Art World, where it belongs. The signs are that artists of all kinds are moving behind it, to give their support. Should this inclination persist, and the admirable strength of this year's exhibition grow in consequence, within a very short time the generality of artists will feel, not merely that they are happy to show their work, but that they must show their work in Burlington House; an attitude unknown since Turner's lifetime.

The exhibition this year is indeed very good, the best in memory, and in advance of expectation. It is as large as usual, with something under 1,400 works on show, chosen from a submission of over 11,000, and again the work is predominantly representational. But then the large mixed show is never the perfect vehicle for non-figurative work, which requires much space and acquiescent neighbours: the emphasis is natural and understandable.

The hanging is straightforward and clear, with no pyrotechnics, no pictures-of-the-year or other diversions. Where possible, when an artist is showing more than one thing, his work is kept together, or at least close at hand. And many of the Academicians, who may show six works, have one-man shows in miniature. The policy makes for directness and coherency, to the great advantage of the exhibition as a whole; for, though there is as much to see as ever, the viewer is under less pressure to search out his interests, and, in the end, rather less overwhelmed by it all than usual. Walking through the galleries, the general impression is of serious activity, sound professional work: and if some of it is by the little old ladies of popular myth, working away in Horsham or Sudbury, those little old ladies are rather good.

One or two changes in the rules have just been made, notably on the question of guest exhibitors, of whom six were allowed, but rarely so many asked. This year, however, Peter Blake, himself an Associate of comparatively recent accession, was invited to take on the responsibility of asking certain artists to show, and arranging their contributions. Gallery II has been given over to him, and the result is a show within a show, somewhat cramped, admittedly, but altogether a worthwhile, even successful exercise: certainly one that would bear repetition. We have hoped, but never dared expect, to see Hockney and Kitaj, Hoyland and Scott, in the Summer Show. Others who stand out among some 20 guests are Michael Andrews, with a large painting of Brighton Pier, Richard Smith, with a large relief, Patrick Caulfield, Norman Stevens, Allen Jones and Howard Hodgkin. And Nicholas Munro's two dancers are impossible to miss.

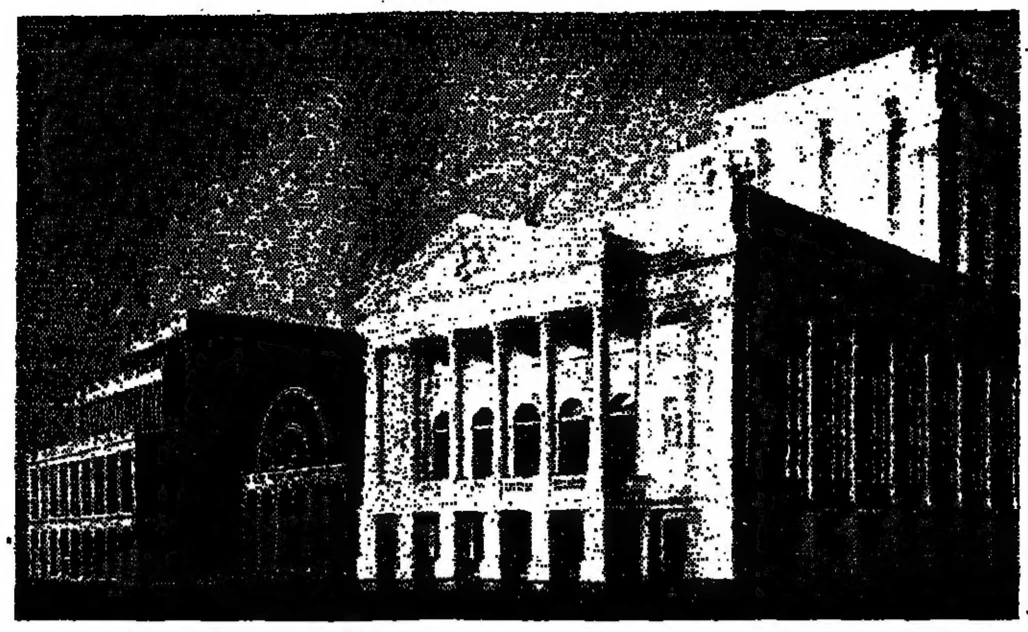
But we must not emphasise these visitors unduly. The presence of their work is in no way a reproach to the rest of the exhibition: on the contrary it fits in very well. Indeed it points the virtue of much else on view, making it clear that English Art is not simply a story of Them and Us, Bond Street and the Also-Ran.

In fact the body of the Academy reveals itself as full of talent and distinction, with age no bar to achievement. Peter Coker and Anthony Green have shows current in London, so more of them another time: for the rest, Norman Blamey continues to impress, with his obsessive academic realism; the seductive intimism of Bernard Dunstan and Peter Greenham, and the still-lives of Allan Gwynne-Jones, together dominate the room of small paintings; and elsewhere Robert Buhler, Colin Hayes, Olwyn Bowey and John Nash distinguish themselves. The first room of all, where recently elected Associates are hung (an excellent ploy), sets the tone, with the Romanticism of Jeffrey Camp and the energy of Ben Levene complementing the cooler realism of David Tindle. And in the next room is Peter Blake's dream of Titania, an extraordinary compound of realism and fantasy.

In a show so large, individual criticism is hardly possible, the merest mention an arbitary if not invidious business: but we must not forget entirely the non-members, the competitive exhibitors. Arthur Smith, Jennifer Carrington, Michael Kenny, Henry Inlander, Philip O'Reilly, and Holly Dowaing are only a few of the many who sustain the high level of accomplishment set by their more famous peers.

For the moment the Royal Academy appears to be stranded in the middle of a financial mine-field, beset by bombs and booby-traps. But this year we find it with a renewed confidence in itself and the work it does. And in its Summer Exhibition, which remains open daily until August 1, there is much to interest and encourage us all.

WILLIAM PACKER



Left: Norman Blamey, 'The Low-flying Aeroplane.' Above: Gollins Melvin Ward Partnership, Model of the proposed extensions to the Covent Garden opera house

Architecture

Architectural exhibits at this year's Royal Academy are first seen in the Central Hall, building up in the adjoining Lecture Room with some fine models and continuing into Gallery IX: a welcome development compared with previous years.

In the Central Hall there are some dramatic drawings by Norah Glover of the early proposals for the City's Barbican scheme; architects Chamberlin Powell and Bon (1270). In the Lecture Room a striking model of the future extensions to the Royal Opera House shows a sensitive interpretation of the Covent Garden character in modern terms, by the Gollins Melvin Ward Partnership (1339), and a model of the central section of the Coutts' Strand redevelopment by Sir Frederick Gibberd and Partners, showing a complete and successful though highly controversial break with the Nash façades on either side, resulting in a clear view into the new interior courts (1342).

These two exhibits set the tone of the architectural contributions, the first a most distinct move towards a reinterpretation of a vernacular and the second a firm hold on the visible skeletal bones of a 20th century technique. Of the latter that old war horse Erno Goldfinger (RA elect) uses timber in the structure of a house at Windlesham as confidently as he can use concrete (863).

There is much good work in the "vernacular" category, and most remarkably a number of projects which are illustrated with the designer's own drawings: Michael Blee's most intriguing monastery at Sayers Common in Sussex (814) and Leonard Manasseh's climber's or tourist's venue just below the summit of Snowdon (854) are two outstanding examples.

Brutalism is represented by Owen Luder's overpowering Hay's Wharf redevelopment of a bit of everything (901), flats, shops, a pub, etc., remarkably like an old dreadnought overshadowing the cruiser Belfast which floats alongside. Then there is an extraordinary metallic essay to provide offices for an engineer at Bromley in Kent (903): a horizontal sandwich of deep bands in silver and black with shallow-coned metal roofs, the whole supported upon substantial circular piers coloured royal blue. There is no indication of the environmental context of this strange building and it is difficult to believe that over the course of the years it could accommodate itself to anything but the complete redevelopment of the surroundings in its own unyielding character.

This is a most stimulating exhibition from the architectural viewpoint. The strong drift towards "reinterpretation" is after all at the root of traditional progress, so long as those sources of design are genuinely re-interpreted in the light of the techniques of to-day. It seems that the time has come for the most progressive as well as those who are inclined to look back for their inspiration to stand still and take stock. In these unfortunate days of lagging commissions this may not in the long run be a bad thing. I came away feeling better.

H. A. N. BROCKMAN

Gardner Centre, Brighton

Pinter and Claus

by B. A. YOUNG

The Gardner Centre's contribution to the Brighton Festival is a bill of two one-act plays directed by Patrick Lau. The first, and longer, is a tedious affair by Hugo Claus, a Belgian who writes in Flemish. It presents us with a truly tense situation at once. George, who has been in prison for incest with his 20-year-old daughter, returns to a home where his wife (as he knows) is having an affair with a neighbour, the father of a baby daughter.

Having presented us with it, however, Claus does nothing with his situation but stir it around. At one moment, when the wife is out visiting her lover, George creeps upstairs: "He's going to murder the baby!" whispered a lady behind me. He didn't, though; he just brought its bottle down and put it with the gin and red plonk on the sideboard. Michael Napier Brown plays George; Vilma Hollingbery is his wife; Robert Swales is Eric the third party. All are good but not good enough to keep the adrenalin flowing.

Afterwards, however, comes Pinter's The Lover, that super-subtle examination of the relationship between the partners in a happy marriage. If you have seen The Lover, and know the secret that unites husband and lover, much of the cunning surprise on which the first half of the play is based may be lost. In this beautifully timed, beautifully weighted performance by Patrick Allen and Vivien Merchant the loss, though regrettable, is far from fatal: checking the references to each phase of the wife's love-life in her conversation during the other phase is as amusing as a cross-word puzzle.

Covent Garden

Rigoletto

by MAX LOPPERT

Last week's Rigoletto threw a beam of bright if unhappy light on the title part. It is not only, as Julian Budden has it, "the greatest part ever written for a high baritone, requiring every emotional stop of which the voice is capable": its central position crucially influences the impact of the other characters, and the other players. Because at Covent Garden the role is being taken at the current revival by Gian Piero Mastromei, a singer with, on this showing, the minimum of dramatic or vocal distinction, the high level of casting elsewhere went for much less than it ought, for long stretches of the opera at a time.

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Of course, no performance graced by a Gilda of Ileana Cotrubas's exquisite fragility and pathos, or a Duke of Alfredo Kraus's patrician elegance can be wholly without worth. Together, they played with charm and delicacy, and sang with admirable refinement, matching long-lined legato phrase to cool, limpid tone; separately, each imbued the music and the playing with that rare kind of Verdian understanding in which the body does less and the voice does more, both sectors working in accord. Miss Cotrubas's aria had no trill, Mr. Kraus's—a more serious omission—no final cabaletta (only one among several hateful cuts of the evening).

But neither provides the opera's principal interest, and both—Gilda the much more decisively, of course — are dependent on Rigoletto for final dramatic Focus, by force of contrast. The father-and-daughter duets were all but jeopardised by Mr. Mastromei's game of hide-and-seek with the beat; and though a rough, untamed vigour will just about propel certain of the jester's solo phrases along (very few, on consideration), "Veglia, o donna" and "Piangi, fanciulla" do not contain them. True, Mark Elder, making his Royal Opera pit debut, was prone to early bursts of unmotivated orchestral acceleration: but that was not the cause of a final duet so resolutely unmoving. A handsome, impudently relaxed Sparafucile from Robert Lloyd, and William Elvin's Marullo, a keen small portrait of courteous malice, were two of the minor pleasures — Mr. Elder's lucid pointing of woodwind figures in the storm music was another—of a performance in which the gap between high and low quality was the most notable feature.

St. John's, Smith Square

Canonic Bach by DOMINIC GILL

No more apt patron than the English Bach Festival to bring us the British premiere last Thursday (and possibly the world premiere also) of a set of 14 tiny, newly discovered instrumental canons by J. S. Bach—or more cautiously, as it was put by Nicholas Kenyon in his introduction on behalf of the EBF, since all of the Bach experts have yet to gather and pronounce on the manuscript, 14 canons which "appear" to be by Bach.

They are written, almost certainly in Bach's hand, inside the back cover of the composer's own printed copy of the Goldberg Variations, which recently came to light in the Bibliothèque Nationale. They can therefore be assumed to date from sometime after 1742 and before 1746, when the famous portrait of Bach was painted in which he appears holding the manuscript of No. 13, "Canon triplex a 6." They are all of them notated in contrapuntal shorthand, to be completed by a process of deduction by the performer—if indeed performance was ever envisaged. It was probably not: as Nicholas Kenyon also remarked, their interest is not primarily aural. They are "paper intricacies" rather, pretty to see (and in passing to hear) worked out—but essentially little sketches in reflection, a characteristic signature, of Bach's reviving interest in canonic technique in the early 1740s.

They were nicely demonstrated by Trevor Pinnock with members of his English Concert —who then continued their programme with a full-scale performance of Bach's greatest and most comprehensive exploration of canonic technique, The Musical Offering, given in characteristically amiable, serious, slightly scratchy English Concert style, and in that very satisfactory sequence which frames a central Trio Sonata with two sets of five canons, and begins and ends with a Ricercare. Only one serious reservation: Stephen Preston's sweet-toned wooden transverse flute could never, even when it absolutely must, quite summon up the courage to take the centre of the stage—one longed to hear just a single flute line, as it can be even in wood, ringing, powerful, eloquent, above the strings.

RSC summer programme at the Aldwych

The Royal Shakespeare Company announces three new productions to follow The Zykors at the Aldwych. Eugene O'Neill's The Iceman Cometh will open on May 25, with Ian Holm as Hickey, Gary Bond as Willie Oban, Kenneth Cranham as Parritt, Bob Hoskins as Rocky, Norman Rodway as Harry Hope and Patrick Stewart as Larry Slade. Director, Howard Davies.

Shaw's The Devil's Disciple follows it into the repertory on July 13. John Wood will play General Burgoyne and Ian Holm, Dick Dudgeon. The director is Jack Gold.

In September comes Chekhov's Ivanov, with John Wood in the title role and Mia Farrow as Sasha: the director will be David Jones.

Coliseum

Le Coq d'Or by CLEMENT CRISP

The persistent lure of the Diaghilev repertory is not hard to understand, even to-day; the ballets are still lit by reflections of the Ballet Russe's creative fire, and the hope is, I suppose, that performance will bring back the fire itself. How rarely that happens we know only too well. Styles of performance, let alone choreography, have changed, and what we see for the most part are the ectoplasmic shreds of past greatness. Festival Ballet has been diligent in its attempts to revive the Diaghilev canon, and where a décor is strong enough — Schéhérazade, Parade are good examples—we can sense something of what their former glories really were. Parade, which featured in last night's programme, is now little more than a Picasso set in search of occupants, and Schéhérazade, alas, looks as if squatters have moved in. The return of Coq d'Or, given its first London outing in 25 years last week, is also somewhat problematic.

The Goncharova designs (as reconstructed by André Delfau) are still marvellous in the scenes at King Dodon's court—a blaze of peasant colours and patterns that ravish the eye—though the Queen of Shemakhan's tent and entourage are rather more kitsch than I remember them from the Ballet Russe staging after the war. But the ballet is hardly justified by these visual delights. Nicholas Beriozoff has revived, and revised, the Fokine choreography, and has inspired some fine performances from Festival's artists—Donald Barclay's Dodon is a tremendous old booby; Dudley von Loggenburg an excellent Guidon; Patricia Ruanne an alluringly evil Queen—but the piece nevertheless looks thin.

This may well be no fault of production or dancers, but rather an inherent weakness of Fokine's 1937 decision to reduce the original opera-ballet (in which singers were placed at the side of the stage while dancers mimed the roles) to its purely balletic form. Whatever the reason, the piece dissipated its dramatic energies, and its epilogue, in which the Astrologer and the Queen of Shemakhan have the last laugh, is frankly tedious.

But lest I seem too ungrateful, let me say that the chance to see Goncharova's glorious stage picture—an authentically magical re-creation of a fairy-tale—is worth taking. And for Mr. Barclay and his fellow principals, the evening represents a noteworthy success.

The programme also brought the revival of Dennis Nahat's Mendelssohn Symphony, a neo-classic study using the "Italian" symphony, which needs far brighter and more strongly shaped dancing if it is to make any sense at all.

'Lost' Elgar work found

A "major work" by Sir Edward Elgar, thought to have been lost in a theatre fire in 1916, has been found in the British Museum and recorded by the London Philharmonic Orchestra, it has been announced in London.

It is a 300-page score composed by Elgar for a play The Starlight Express staged at the Kingsway Theatre in 1915. The work was a great success and Elgar recorded it in 1916 on eight records—"a massive project for the time and a landmark in the history of recording" said Mr. Giles Easterbrook a spokesman for Novello and Col the composer's original publishers.

The score then vanished and was thought to have been destroyed in a fire at the theatre. However, it lay neglected in another publisher's office and was eventually moved to the British Museum.

New concert hall at Wembley

A new addition to the Wembley Stadium complex is a 2,500-sea auditorium to be used as concert hall and conference centre. Concerts are to be given on Sunday evenings from September to March.

Programmes of the first season have been issued. Concerts will be given by the Royal Philharmonic, the New Symphony Orchestra, the New Philharmonia, the City of Birmingham Symphony Orchestra, the Brent Symphony Orchestra, the London Philharmonic Orchestra and the London Symphony Orchestra. Soloists will include John Lill, Raimund Herincx, James Gallway and Shura Cherkassky.

Royal Court

Endgame

Between one reasonably good production of Beckett's Endgame and another, in my experience, there can only be detail difference. As this production under Donald McWhinnie's direction is done, as it were, under the eye of the Master, I assume it's authentic. The more credit to him for having got it so right the first time, for the production is little altered from what he gave us at the Aldwych more than ten years ago, also with Patrick Magee as Hamm.

Nor is Patrick Magee's performance much changed, if my memory serves me; he still even wears white glasses over his blind eyes instead of the usual black. His speech has perhaps grown more mannered: he has two voices, one rich and smooth with the odd drawled vowels we recall, the other a vicious snarl, and they hardly seem to emanate from the same throat.

Stephen Rea's Clov is interesting, the wreckage of a man who is still clearly young for all his infirmities, and was once, to judge from his striped trousers and black waistcoat, tolerably smart. He is bowed not with age but with arthritis. When he ultimately comes on clothed (as he believes, poor dupe) for his departure, he is wearing a solar topee and a uniform greatcoat.

Someone asked me earlier in the day if I had any idea what the play was about. I can only say that it is called Endgame, that Hamm is called Hammer, that Clov, Nagg and Nell are called Nail in French, German and English respectively, and that a similar plot is contained in Happy Days, Malone Dies, The Unnamable and I dare say in other Beckett works dealing with the approach of oblivion.

B. A. YOUNG

Selfish national policies hit world trade—economist

BY MICHAEL BLANDEN

THE SEVERE world recession of the last two years has happened basically because of the individual policies adopted by particular countries, says the National Westminster Bank's quarterly review.

Dr. David Lomax, the bank's economic adviser, sugests that one of the main aims of governments has been to maintain their own independence of action. In the economic context, he says, this has meant retaining their financial independence.

This has deepened the recession, he suggests, because countries would not maintain the level of spending at the expense of losing control of the.r finances. But the tendency has also ensured that financial markets remained "remarkably steady," the inevitable consequence of "countries deciding that credit-worthiness does mater and that portfolio adjustments have to be made."

Countries have seen other things as more important than maximising short-term spending and income. "Debtor countries have not been prepared to fall into the hands of their creditors by entering into unlimited debt, while creditors have not been prepared to risk losing their assets by lending without any consideration of the credit-worthiness of their borrowers."

Because of the oil price rises, many countries have found that their balance of payments left them no choice but to adjust domestic or trading policies. There have been two deflationary effects, one directly from dearer oil, one from policy measures accepted in response to it.

The effects on the non-oil-producing less developed countries were "very adverse." They paid more for oil; the depression in the industrialised countries reduced demand for their exports; and any higher oil price in manufactured exports from industrialised countries was passed on to buyers. All this reduced demand for oil.

The oil-producing countries increased their imports, mainly technically advanced goods produced almost entirely in the industrialised countries. "It was not accidental, therefore, that in 1975 the balance of payments of OECD countries was largely restored, while the non-oil-producing developing countries had a large deficit."

In another article, Dr. Lomax examines the justification for adopting policies of pure free trade in modern conditions. He concludes that economic theory points away from pure free trade unless very strict assumptions are satisfied. Modern economic conditions have borne little relationship to those assumptions Trade theory "offers little justification for the policies adopted by the United Kingdom since the war."

The apparent success of the Bretton Woods and GATT systems was not due to free trade, "which in practice did not prevail"; it was because underlying circumstances enabled some countries to achieve their objectives. Given "the severe constraints on their trade imposed by the Communist bloc, Japan, most less developed countries and some EEC members," there is no case for asserting free trade was the optimum policy from the point of view of the U.K. or the world.

The Japanese made no secret that they were building their industry behind barriers. But when a country does this other countries are forced to adapt their industrial structures to whatever that country wishes to buy and sell in the open market. The result of the trading system the Western world has developed since the war is "enormous pressure on the industrial structures of the countries which retain reasonably free market systems."

Ths leads to severe adaptive pressures, and in the U.K. tends to quick and hasty actions. It must be recognised what is the true nature of the trading situation, and accepted that it is the responsibility of Government to find policies "which both look after national interests and maintain as far as possible co-operative relations internationally."

The formal free trade structure of world trading, Dr. Lomax maintains, is simply a "cover" behind which Governments pursue their independent policies. Over the post-war period two of the countries which have done best, Japan and France, administered their economies most. For a country adopting such a policy "being able to sell in an open world trading system is paradise on earth."

On the other hand Italy and U.K. "did not adapt their policies to the reality of the times" and both suffered significantly. The history of the past 30 years is not a tribute to free markets but a demonstration that the countries which adapted themselves best to the circumstances of the time did best.

"We have a duty both to ourselves and to others to restore our fortunes and to adapt to the new circumstances."

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Thistle platform will break new ground

BY RAY DAFTER, ENERGY CORRESPONDENT

THE STEEL platform structure for Burmah's North Sea Thistle Field will, it is expected, be floated out this summer, breaking new ground in offshore oilfield development.

The Thistle "A" supporting structure—the jacket—will be installed in deeper water and further North than any other North Sea platform to date. The production unit is designed to cater for waves of 94 feet and winds of up to 120 miles per hour.

Taywood-Santa Fe, project managers for the Thistle "A" oilfield, claims that a year will have been lopped off the normal period taken from the inception to installation of such a platform.

The jacket is nearing completion at Laing Offshore's Graythorp yard at Hartlepool. The 26,000-tonne structure is 606 feet high and will eventually stand in 530 feet of water.

Fifteen engineering equipment and accommodation modules will be loaded by derrick ship on to the platform to support piling operations. These will be followed by 32 drilling and production modules, currently under construction in the U.K., Holland, France and Spain.

Taywood-Santa Fe, which is a joint venture of Taylor Woodrow Construction and Santa Fe International, said this week-end that oil should be produced from Thistle "A" by mid-1977. By 1979, output should be 200,000 barrels a day, flowing from 30 production wells.

Oil will be delivered through the Brent pipeline system to the Sullom Voe terminal in the Shetlands. This will necessitate the installation of a 16-inch, seven-mile pipeline linking the Thistle and Dunlin platforms.

Aviation bodies seek to cut CAA charges

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A LARGE number of organisations in U.K. civil aviation have set up a committee to look into the increased charges for aviation services recently announced by the Civil Aviation Authority, with a view to seeking either cuts or their abandonment.

The committee, which will be formally inaugurated around the middle of this month, includes representatives of the Air League, the Aircraft Owners' and Pilots' Association, the Air Taxi Operators' Association, British Caledonian, British Gliding Association, British Helicopter Advisory Board, the Business Aircraft Users' Association, the General Aviation Manufacturers' and Traders' Association, the Guild of Air Pilots and other airlines and organisations.

All are incensed at the way in which the CAA has raised its fees for a wide range of services, from pilots' licences to air operators' certificates, in order to pay its way by 1977-78, when present Government subsidies end.

Although Lord Boyd-Carpenter, chairman of the CAA, has already explained in detail why the CAA must raise its fees, these organisations and airlines feel that the scale of the increase is such that it will make the cost of aviation prohibitive to many current users.

The new committee, called the Civil Aviation Industry (CAA Functions) Committee, will analyse the CAA's activities and draw up a list of those that are unnecessary for presentation to Mr. Edmund Dell, Secretary of State for Trade.

The aviation organisations concerned fee; that there are two areas worth exploration—one, where the CAA's functions may be necessary, but are too expensive, and the second, where its activities are unnecessary. They would like to see the CAA's functions being streamlined.

The CAA's defence is that it is obliged to pay its way by 1977-78 under Government edict, and therefore has no option but to raise its charges.

LAST VOYAGE OF THE PENDENNIS CASTLE

Ship of style makes way for 'progress'

BY JOHN WYLES, SHIPPING CORRESPONDENT

AFTER 16 YEARS of stylish but recently unprofitable service, the Union Castle mail-ship Pendennis Castle began her last round voyage to South Africa at the week-end, conceding victory to jet travel and the modern container ship.

Her retirement in June marks the gradual extinction of a once-famous species: the vessel which offered speedy delivery to the cargo shipper and the elegant distractions of a five-star hotel to the passenger in not too much of a hurry.

A mere ten years ago, Union Castle, a British and Commonwealth shipping company subsidiary, was operating seven ships on the U.K.-South Africa route, five of them passenger/cargo liners and one a cruise ship.

The retirement of the Pendennis Castle will leave just two passenger liners whose days are no less numbered by the containerisation of the U.K.-South Africa cargo trade starting at the end of next year.

Union Castle, like P & O and Cunard, is finding the economics of passenger liners very difficult to live with.

The need to compete with air travel has long since narrowed profit margins, but the death knell for the Pendennis Castle, and for others of her ilk, was grimly rung by the Arab oil price increase.

Built in Belfast by Harland and Wolff in 1958, the vessel has an inordinately greedy appetite for fuel when trying to sustain her top speed of 23 knots.

According to Mr. John Andreae, Union Castle's passenger director, fuel costs have been the single most important factor contributing to the redundancy of both the Pendennis Castle and her sister ship, the Edinburgh Castle, which tied up after her last voyage only a few weeks ago.

"The 400 per cent. oil price rises a colossal blow," Mr. Andreae said yester "Wage inflation was a further burden that fuel and pay now represent 50 per of the ship's operating costs."

Curiously, however, the "swingeing" increases aimed at covering these costs not led to the slump in passenger de that might have been expected, though number of tourists and emigrants wanti take up the Pendennis Castle's 180 first and 480 tourist berths is undoubt dwindling.

With Southampton-Capetown fares ing from £274-£1,405, Union Castle rec that fares could not now go any higher out virtually destroying the market.

Against this background, the surviv the two remaining passenger/cargo line the South African mail route looks re after container ships are introduced at end of next year.

Able to carry 7,000-8,000 tons of and guaranteed priority berths at Cape because they are mail carriers, the pass ships have retained some attraction for shippers.

But the new speedy container service enjoy similar berthing facilities while pot ally reducing unit costs for both the operator and the shipper.

As the mainspring of modern econ evolution, technology decrees in this cas the passenger ship can no longer adapt its survival.

The dinosaurs of modern shipping, Pendennis Castle and her sister ships, be destined for extinction, taking with th a style and wit which neither the Jumbo nor the container ship will replace.

Record £507m. State aid for BR in 1974

BY OUR INDUSTRIAL STAFF

GOVERNMENT SUPPORT of £507m. is expected to be shown by British Rail in its 1975 annual report, to be published on Wednesday.

Although this record support is more than £100m higher than the 1974 grant, BR is likely to stress that this is the first time in four years that its growing dependence upon the Exchequer has been checked in real terms.

In 1974 BR received a passenger service grant of £324m., a £66m. freight deficit grant, £97m. towards the cost of funding railway pensions, £10m. in research and infrastructure grants and £9m. for level crossing costs.

Despite higher fares and charges, BR was hit by rising costs and falling traffic

Rigorous economies have been put in hand after the Government decision to hold the passenger service grant at the 1975 level and the instruction that the freight deficit must be phased out by 1978.

Compressed Air Society pessimistic

Financial Times Reporter

THE SIXTY members of the British Compressed Air Society see little hope of a marked improvement in business until much later this year, says Mr D. E. Chase, its president, in the annual report.

On the immediate future, there is widely held opinion in the society that for many sectors the next six months will be even worse. "A sort of negative consensus seems to be emerging that no improvement can be looked for before the end of next year."

Treasury unit inquires into Bank

By Keith Lewis

THE TREASURY has denied that the fraud squad is involved in the investigation into possible breaches of the exchange control regulations by Bank of England personnel.

A spokesman said yesterday that the Treasury's own special internal unit was in charge of the investigations and that there had been no question of handing the inquiry over to the police.

There had been an exchange of information between the squad and the Treasury, although the spokesman added that this corroboration was part of the normal working relationship and by no means unusual.

The Bank of England announced at the end of April that it had started an investigation, in conjunction with the Treasury, to discover whether or not any of its own officials had been breaking the regulations. This action was taken following suggestions in the Press that an official had breached rules relating to the investment currency market.

The Bank of England had earlier sent out letters to all authorised depositories — the banks, members of the Stock Exchange, solicitors, etc.—asking for them to be on the alert to detect possible illegal deals involving the investment dollar premium.

Machine tool pessimism

By Kenneth Gooding, Industrial Correspondent

THE EUROPEAN machine tool industry's capacity could contract significantly unless there is a flow of firm orders soon.

This was the impression given by 47 leading European machine-tool industrialists who left London at the week-end after meetings of the European Committee for the Co-operation of the Machine Tool Industries.

All the leading machine-tool manufacturing companies are finding that this particular recession is biting more deeply than any other in living memory.

There have been bankruptcies and closures in the West German industry, for example, and even part of the Swiss industry is working short-time—a situation previously unheard of.

Discussions about levels of trade activity were, however, only on an informal basis at the CECIMO meetings.

The main topic formally discussed was the way that different technical requirements demanded by different countries are providing a growing barrier to trade.

The CECIMO members agreed to investigate the diverse national safety obligations imposed on machine-tool manufacturers in Europe with a view to arriving at some common understanding, for example.

In addition, a panel of experts was established to examine problems arising from noise-control regulations The U.K. is to be represented by the Macclesfield-based Machine Tool Industry Research Association.

Considerable concern was also expressed over the rising level of litigation arising from product failure. The European manufacturers agreed to swap details of experiences about this problem and to work for closer co-operation with the insurers.

Company car tax plans worry Leylan

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDE

THE GOVERNMENT'S proposals for a system of company car taxation are causing mounting anxiety at British Leyland, the only large-volume U.K. manufacturer of a variety of up-market, luxury models.

Leyland's views, basically that its Triumph, Rover and Jaguar range might be hit very hard by the new system, are bound to add impact to urgent meetings shortly between the Society of Motor Manufacturers and Traders and the Department of Industry to discuss the proposals.

Counter-plans

The SMMT put the finishing touches to a series of counter-proposals at the end of last week. These will be taken up with the DoI in an effort to change the mind of the Chancellor, who invited comments from the industry when presenting his Budget.

Details of the society's case are still secret, but it is believed that it is pressing for changes on three points.

First, it would like to see some alteration in the cut-off points either in the cubic capacity ratings or in price, on which the tax is calculated.

The present idea is to have a steeply progressive tax on employee's income depending on the engine capacity of the car; thus for a car under 1,000 c.c. employees will be taxed on £250 a year, but this jumps to at 1,000 c.c. and £360 at c.c., getting steeper at e 500 c.c. point. For cars co over £5,000 the tax will equally progressive, depen on the price of the vehicle.

The society would like to rearrangement and possibl reduction of these cut-off po with a view to minimising impact on the present struct of the industry's engine facil and pricing. For example, jump at the two-litre point particularly unfortunate, si several Continental manu turers have developed engine that size, whereas the Bri industry is not strong at level.

Second, the SMMT believes t the new rates are unduly hi There is no doubt that ployees in some companies w when taxed on the old mile system were paying only betw £100 and £200 a year for the of their cars, would find the selves paying much more in years' time. On an £8,000 car tax bill could easily be £800.

Third, the society will pr for an increase in the depre tion allowance on company c from £5,000, as proposed by Chancellor to £8,000.

The motor industry as a wh was shaken by the Chancello proposals on company cars, d pite his previously announ determination to increase ta tion on executive perks.

West European visitors double those from U.S.

FINANCIAL TIMES REPORTER

TOURISTS FROM Western Europe have become far more important to the U.K. industry than those from the U.S., and expenditure by European visitors is also growing at a much more rapid rate.

This pointed illustration of the effects of growing affluence within Western Europe is contained in the latest edition of Digest of Tourist Statistics, published by the British Tourist Authority.

The report shows that between 1969 and 1974, when Western European arrivals increased by 60 per cent. (from 2.6m. 4.0m.), tourists from No America increased by 6 per ce (from 1.7m. to 1.8m.).

The U.S. maintained its po tion as the largest single sou of tourists to Britain, but spe ing by American visitors w up much more slowly than Western Europeans. The figu show that expenditure Americans rose from £126.5m. £215m. (an increase of 70 cent.), while Western Europe spent £308.7m. in 1974 agai £111.6m. in the previous year rise of 117 per cent.).

Opel car prices up

Financial Times Reporter

IN LINE with the round of price increases by other car importers, Opel is raising its prices by an average of 5.8 per cent. German car companies have been particularly hard-hit in the Brit'sh market by the realignment of the pound on currency markets in the last few weeks.

As a result of the changes, an Opel Kadett two-door economy saloon goes up in price to £1,596 (an increase of £104), an Opel-Manta 16DL to £2,640 (up £125), a Rekord 4-door two-litre to £3,081 (up £180), and the Commodore GS/E Coupe to £5,452 (up £260).

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Mrs. Gandhi to visit Moscow

BY K. K. SHARMA

NEW DELHI, May 9.

INDIA'S Prime Minister Mrs. Indira Gandhi will visit Russia from June 9, an event of considerable significance since this will be her first trip abroad since a state of emergency was proclaimed in June last year.

That Mrs. Gandhi has chosen Russia for this suggests she continues to attach considerable importance to India's ties with Moscow. The two countries signed an agreement for peace, friendship and co-operation in 1971 and recently concluded a five year trade treaty which aims at doubling the trade turnover by 1980.

Yet the Russian trip has been timed so that Mrs. Gandhi can assert India's freedom to choose its own policies and friends. By June 9 decisions to overhaul India's constitution will have been taken, the Aid India consortium of western countries and Japan will have met, the first Indian ambassador to Peking in 15 years will have presented his credentials and the monsoon should have arrived to help further the Indian economy which is now emerging from a three year period of stagnation.

It is certain that Mrs. Gandhi will be in a position to resist pressures, if indeed they are made at all, particularly on the Russian proposal for an Asian security arrangement based on the Helsinki model—an obvious non-starter because of Peking's strained relations with Russia.

Nothing in concrete terms is thus expected to emerge from the visit to Russia which is being made in response to a long-standing invitation from Mr. Brezhnev who came to New Delhi in November 1973. But it will certainly show to the rest of the world that Mrs. Gandhi's foremost concern in foreign policy is the link with Russia. This is best summed up in a recent statement by her in which she said: "Indo-Soviet relations are based on firm friendships which have been tested by time because the Soviet Union has shown solidarity with India in difficult situations."

Crosland to brief Japanese on China

BY CHARLES SMITH

TOKYO, May 9.

BRITAIN'S Foreign Secretary, Mr. Anthony Crosland, arrived in Tokyo from Shanghai to-night for one and a half days of talks with Japanese Ministers which are expected to be dominated by a review of recent events in China.

The Japanese leg of Mr. Crosland's tour—extremely brief by comparison with his week-long stay in China—will allow time for two sessions with the Foreign Minister, Mr. Kiichi Miyazawa, as well as a 90-minute meeting with the Minister of International Trade and Industry, Mr. Toshio Komoto, and a brief call on Prime Minister Takeo Miki.

Mr. Crosland is said to be planning to spend the bulk of his time with Mr. Miyazawa on the Chinese situation and to reserve bilateral U.K.-Japan trade problems for the later session with Mr. Komoto. The Japanese are keen to hear what Mr. Crosland has to say about the Peking leg of his tour, including his meeting last week with the Chinese Premier, Mr. Hua Kuo-feng. No senior member of the Japanese Government has met Mr. Hua since his appointment early last month but Japan is known to be curious as well as slightly anxious about the intentions of the new Chinese leadership. These anxieties relate partly to the question of whether China has changed its foreign trade policy—a question to which Mr. Crosland was given a firm "no" by the Chinese leaders. Mr. Miyazawa will also probably be briefed by Mr. Crosland on Chinese attitudes to Korea where the message is that Peking neither wants nor expects trouble.

Investment drops sharply

BY PETER DUMINY

TOKYO, May 9.

INVESTMENT outlays by Japanese industry dropped sharply in 1975-76 and remain depressed, according to data from the economic planning agency and other sources published to-day. However, the electricity utilities lived up to the promise of earlier surveys by spending heavily in March, and it appears may continue to shore up the aggregate, as is evidently necessary for the business recovery to develop momentum.

Orders received for industrial machinery in the 12 months to end-March, were down 9.1 per cent. in value at $11.2bn., according to the Society of Industrial Machinery Manufacturers. This was the biggest year-to-year setback for 30 years and occurred despite an increase in export orders from $2.6bn. to $4.5bn.

The EPA's month-to-month figures have pointed to partial recovery from December onwards, and the March increase comes out at 19.6 per cent. seasonally adjusted. This was overwhelmingly due to the electricity utilities, which increased their equipment orders by 45.3 per cent. on the same basis. Orders from manufacturing industries declined by 19 per cent.

A survey of 2,631 companies, also under EPA auspices, indicates that manufacturing industry's total capital outlays rose 2.8 per cent. in the January-March quarter compared with the same months last year and will rise 1.1 per cent. this quarter, but fall 8.5 per cent. in July-September (in each case compared with a year ago).

Israel ducks West Bank issue

By Robert Graham

TEL AVIV, May 9.

THE ISRAELI cabinet has carefully sidestepped any commitment to a clear cut policy on settlements in the occupied territories. This compromise position was widely anticipated but was only reached after an exhaustive 10-hour cabinet session to-day.

The lengthy cabinet meeting, almost exclusively devoted to settlement issues, has proved once again that Mr. Rabin's Government is neither able nor willing to come forward with a firm policy on this highly charged issue.

The National Religious Party threatened to withdraw from the Government if the unauthorised settlement of Kaddum near Nablus the largest Arab town on the West Bank, were to be removed by force. The settlers there, belong to a right-wing extremist group Gush Emunim, have been defying the Government with this unauthorised settlement since December. The Government has not dared to move them.

The compromise now hammered out involves an agreement that Kaddum be declared "temporary" and that it be shortly moved to a new and authorised site. This move ducks the broader issue of precise guidelines for Jewish settlement in the occupied territories.

U.S. inflation outlook by Burns

The chairman of the Federal Reserve Bank Board says there is little danger of significant inflation in the United States this year but "we'd better watch our step next year."

In an interview published to-day in the magazine U.S. News and World Report, Mr. Arthur Burns said that if further stimulation of the economy by the government is avoided and providing it is ready to apply the brakes later if needed, "we may move into an era of lasting prosperity."

Cairo Press shake-up

A major purge of the Egyptian Government-owned Press appears to be in progress with the future of two prominent magazines in question, and a far reaching reshuffle involving journalists and editors reports Michael Tingay from Cairo. Yesterday's edition of the semi-official newspaper Al-Ahram, reviewing the name of its writers and editors omitted the names of two prominent Left-wing writers, Muhamed Sid Ahmed who was dropped not long ago from his position as leader writer and Lutfi al Kholi, editor of the successful Marxist monthly Al Talia.

Al Talia employees have been told they are to move from their plush offices in the Al Ahram headquarters as have the staff of the authoritative economic fortnightly Ahram Ektesadi. Both periodicals have made various criticisms of current economic and political policies though the latter is in no way Left wing.

Shooting at rally in northern Spain

BY ROGER MATTHEWS

MADRID, May 9.

A FRESH outbreak of political violence erupted in Spain today leaving one man shot dead and at least three wounded. The shooting came as Prince Carlos Hugo of Bourbon Parma, the Left-wing Pretender to the Spanish throne, led over 5,000 supporters to the annual rally of the Carlist Party on a mountain top in the northern province of Navarre. The Government had previously banned the rally.

As the marchers approached the summit of the mountain eyewitnesses said they were halted by a group of over 60 men from an extreme Right-wing faction also Carlist.

Prince Sixto Enrique, the younger brother of Prince Carlos Hugo, and well known for his Right-wing sentiments, shouted at the approaching marchers through a megaphone but was booed down. An estimated 30 shots were then fired into the 5,000, leaving one 20-year-old shot dead and three more wounded.

The Carlist Party, led by Prince Carlos Hugo, is allied with Left-wing parties in Spain and wants to see a democratic state established under a socialist monarchy.

Prince Carlos Hugo was banished from Spain in the 1960s and has ever since been refused re-entry. A party spokesman said he had crossed the border secretly with his wife, Princess Irene of the Netherlands, on Friday to address to-day's rally. She was with him at the time of the shooting and the couple later addressed the crowd at the foot of the mountain, urging calm in face of violent provocation.

The Carlists fought with General Franco during the Civil War but later broke away when Prince Juan Carlos of Bourbon, now King of Spain, was being groomed as next Head of State. However, Prince Sixto Enrique has remained faithful to the Franco cause and is aligned with the extreme Right-wing Ex-Combatants Association.

A large number of police had been deployed near the mountain of Montejurra and a helicopter hovered overhead as the Carlists gathered early this morning. One man was shot through the thigh in a clash even before the march up the mountain began.

This latest outbreak of political violence came after four bomb explosions in the Basque provinces and in Madrid this weekend which left one man dead.

Big U.S. pollution charges

BY STEWART FLEMING

NEW YORK, May 9.

WHAT COULD prove to be one of the most important environmental pollution cases involving U.S. companies has been started by a Federal grand jury in Richmond, Virginia.

The grand jury has handed up two indictments involving charges of violation of Federal water pollution control standards relating to the production of the chemical Kepone, a pesticide not unlike DDT.

Last year a plant producing Kepone in Hopewell, Virginia, was closed following concern about the safety of the chemical.

The first indictment contains 156 counts and names Life Science Products (a Hopewell concern which produced Kepone for Allied Chemical Corp.), the City of Hopewell and the two principal officers of Life Science.

The second indictment containing 941 counts, names Allied Chemical alone for 940 counts. Conviction on all counts could carry a maximum fine of $13.2m.

Allied Chemical issued a statement following the notice of the indictments denying allegations and stating that it intends to defend "vigorously" the interests of the company employees and stockholders.

LEBANON'S NEW PRESIDENT

A solitary man's ordeal

BY OUR OWN CORRESPONDENT

BEIRUT, May 9.

MR. ELIAS SARKIS, Lebanon's President-elect faces the most difficult task of any Lebanese head of state since independence some 33 years ago.

After 14 months of civil war, Lebanon is a shambles. Nearly 20,000 people are believed to have died in the fighting and the damage to the economy runs into hundreds of millions of dollars.

"We will have to start from scratch" the 54-year-old former governor of the Bank of Lebanon said a week ago when he formally submitted himself for election to the Chamber of Deputies.

His task is further complicated by the fact that the powerful para-military armies of the Left under their patriarch, Mr. Kamal Jumblatt, violently opposed his election charging that he was "imposed" by Syria.

Certainly this reserved, almost distant technocrat with a reputation for being a reformist, has the full backing of Damascus. But, of the declared runners, he is the only one who remotely resembles a unifying force in this bitterly divided country—and he is far from being that.

Elias Sarkis was born on July 20, 1924, to a family of modest means in Shebanyeh, a village on Mount Lebanon. He is, like many of his countrymen, a self-made man—an entrepreneur with a flair for administration and a taste for power.

He worked his way through secondary school and his baccalaureat as well as university, working for a time as a railway official before being appointed to the Audit Office as a judge in 1953. Meticulous and serious he quickly came to the attention of General Fuad Chehab who chose him as his right hand man when he was elected President.

In 1967 Chehab's successor, Charles Helou, appointed Sarkis to the governorship of the Bank of Lebanon where he had the difficult task of reorganising a badly shaken banking system after the Intra Bank crash the previous year. Within a short while he had presided over the restoration of confidence in Beirut as a major financial centre.

When Chehab resisted pressure from his followers to seek re-election in 1970, Mr. Sarkis emerged as the Chehabist alternative in that peculiarly feudal Lebanese way in which politicians are chosen. He stood against the Maronite candidate, and the man he now replaces Mr. Suleiman Franjieh, and lost by one vote.

Mr. Sarkis's economic background has been welcomed by the business community who look forward to seeing him lay down plans to get the economy back on its feet. Informed sources believe he will seek to set up an international consortium to help Lebanon rebuild.

But his real test will come when he tries to bring the warring factions together. Lebanon has, effectively, been partitioned and it may be extremely hard to persuade the Christian enclaves and their Muslim opponents, who have the taste of victory in their mouths, to come together in a new Lebanese formula.

Mr. Sarkis, a Christian, is said to believe strongly in the primacy of the state over confessional and religious interests. He is also apparently willing to formalise the Palestinian presence in Lebanon as that country's contribution to the war against Israel but since this issue lies at the heart of the extreme Christian opposition to reform he may find it hard to achieve. Mr. Sarkis is not, however, thought to favour turning Lebanon into an outright confrontation state.

In the final analysis this hard-working rather solitary bachelor with a passion for hunting and reading may have to depend on Syria for the necessary backing to implement his plans. In which case an end to the crisis in Lebanon is still a long way off.

Hussein in Damascus talks

SYRIAN President Hafez Assad and visiting King Hussein of Jordan yesterday visited a military air base near Damascus to watch a fly-past of Soviet-built MiG jet fighters.

King Hussein arrived on Saturday heading a high-level delegation including Crown Prince Hassan, Premier Zeid Rifai, in addition to several ministers and advisers, Louis Fares reports from Damascus.

This is the eighth meeting of the two leaders in less than a year. Official sources said President Assad and King Hussein were working very hard on the "completion of economic, military and political integration between their two countries."

Jordanian and Syrian sources confirmed that "important decisions will be taken during Hussein's three day visit to Damascus." A joint communique is expected to be announced in the two capitals on Monday.

The arrival of Hussein to Syria coincided with the election of a new president in Lebanon, Mr. Elias Sarkis. Syria "will do all in her power to help the new president (Sarkis) in rebuilding Lebanon," said a government spokesman here.

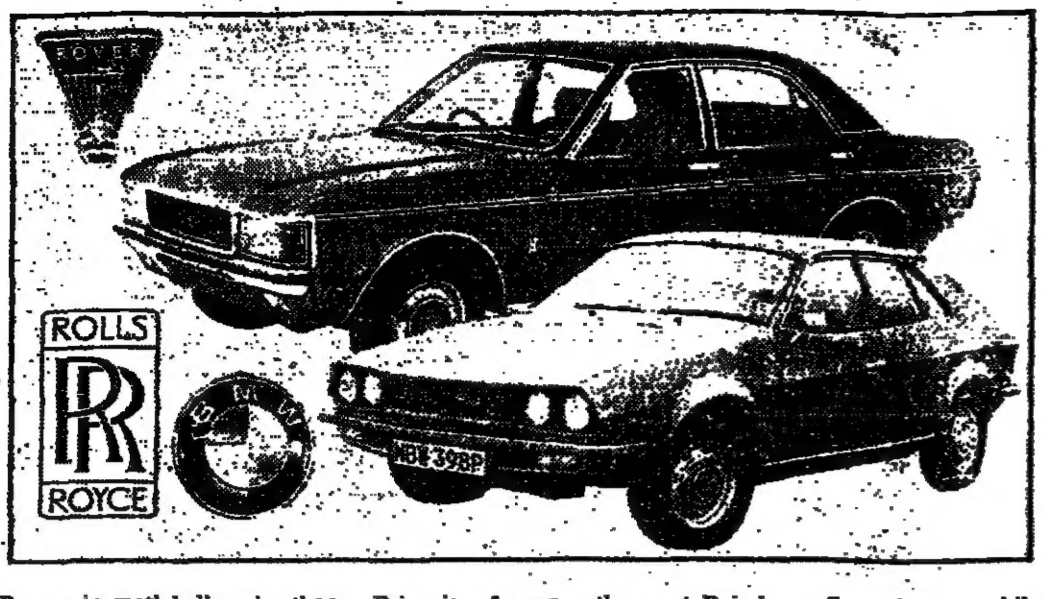
The election of Mr. Sarkis is regarded as a major success for the Syrian initiative in the Lebanon after a series of setbacks over the past two months.

The Executive's and Office World

EDITED BY JOHN ELLIOTT

Terry Dodsworth and Nicholas Leslie look at the disparate policies of companies towards cars

The shifting executive car market



ASK ANYONE what they think of as a "fringe benefit" or "perk" for a senior manager or director and the answer will probably be a "company car." This is because such cars have become a way of life in Britain without parallel in any other EEC country, and at the same time a crucial part of the motor manufacturers' business. In Britain, indeed, the manufacturers could not exist without their company sales.

Estimates of the company car market vary from 40 to 65 per cen.t of total new registrations every year. But what is clear is that it breaks down into two distinct categories—the fleet business for salesmen and representatives and the "executive" car for senior managers and company directors. The "executive" market developed on a large scale by the Rover and Triumph 2,000s, and enlarged by Jaguar, Mercedes and BMW, has been one of the most profitable of the car sectors since the inception of this category of car in the early 1960s.

But it is this category which stands to be hit hardest by the Chancellor of the Exchequer's Budget proposals for trimming fringe benefits. It is also the sector which has already been most under attack over the past two years as a result of the oil crisis.

The resilience of companies to this attack has been relatively strong: many of the managing directors who responded to the threat of petrol coupons by selling their Jaguars and buying a Mini have quietly recognised the discomforts of such high principles and are now back to where they started.

It is, in fact, extremely difficult to identify a universal car buying pattern among companies. For example, despite the commonly held view that there was a great deal of downtrading in the executive car market last year, it is hard to equate this with the registration figures. If it is true that chairmen were putting their Rolls Royces in moth-balls, why then did Rolls and Bentley sales go up from 1.182 to 1,354 in 1975?

What is apparent from talking to a number of companies is that there are very disparate criteria governing executive car-buying policy. In many companies the message about prodigal oil consumption may have been taken to heart, particularly in the larger public groups. In smaller concerns, on the other hand, there may be much to lose, in terms of image, by trading down.

Turning specifically to the larger companies, some significant but varied factors governing executive car policy are: price; engine capacity; where the car is made; length of ownership.

Some companies apply these criteria according to a very simple formula. For example, a large number of the bigger public groups refuse to buy foreign cars. To take a cross-section, EMI, GKN, the Midland Bank and De La Rue all apply this policy on foreign makes. Many a'so buy virtually exclusively from one manufacturer, although at the topmost level the paucity of choice sometimes forces companies to relax this rule.

Price is, of course, the most obvious and simple method of governing purchases. Indeed, in several companies it is the only serious criterion used. If a manager contains his requests within a certain pre-determined price band according to his grade—or if he is prepared to pay the difference—he can have any car he wants.

This approach, however, has been greatly complicated over the last two years by a growing lobby in favour of smaller-engined cars. The motive behind this is to reduce petrol consumption, on the grounds that smaller engines mean lower petrol consumption—a generally sound proposition though not universally true—but at the same time it may mean that executives have moved down the price range as well.

Some companies, however, adopt more sophisticated criteria, in which price and engine capacity are two of the considerations. Cadbury Schweppes also includes minimum miles-per-gallon performance in the equation and has seven grades of car allocation. The top two grades are for the main Board, with entitlement to such cars as Jaguars and Daimler Sovereigns, while group operating company directors, can have Ford Granada Ghias, Capri Ghias or Daimler 3.4s. Then three of five manager levels in the company also qualify for executive cars ranging from models such as Chrysler Alpines, Ford Cortinas, Austin Allegro HLs and Vauxhall Cavaliers up to Chrysler 2-litres and Leyland Princess HLs and HLSs.

Within its overall strategy, Cadbury Schweppes has tended to trade down. In contrast, De La Rue, which puts car price as its main criterion for allocation, has maintained its levels but did not buy any new cars last year.

Another company to apply price as a major criterion for each grade of management is GKN—whose overriding policy is that "need determines whether someone has a car and status determines the type of car."

One company to make a conscious effort to trim its car numbers has been Commercial Union Assurance which in two years has reduced its fleet by 5 per cent. and last year cut total petrol consumption by 8 per cent.

Over and above these individual buying patterns there has been a growing tendency over the last two years to keep cars on the road longer than previously. In this context, the current, unexpected buoyancy in U.K. car sales is significant: it suggests that company buyers who had deliberately stayed out of the market as long as possible are being forced back in again because of the escalating maintenance costs on their ageing vehicles.

Whether companies will maintain this policy of holding on to their cars is an open question. Car salesmen argue that the best time to trade in is often about 18 months to two years after purchase, taking depreciation and expected maintenance costs into account. But some companies—Cadbury Schweppes is a good example—now have formalised policies to keep their cars on the road for longer periods. Cadbury Schweppes has fixed on two-and-a-half years; EMI also has a two-and-a-half year changeover cycle, or 35,000 miles if that is achieved earlier.

It will be equally interesting to see how closely companies stick to the "Buy British" policy. In the executive market it has become increasingly difficult to hold the line against imports because of the deficiencies of the home-produced product: the now ageing Rover and Triumph models (soon to be replaced), and the Jaguars have rarely been in abundant supply. Companies seeking alternatives have had little to turn to other than the Ford Granada—or the Continental makes like Mercedes and BMW.

Now the Continental challenge is being increased in a novel way, with all of British Leyland's main domestic competitors bringing in executive cars from across the Channel—Vauxhall is bringing in the Cavalier and Chrysler the Alpine, while Ford has the Granada which will only be made in Germany from this summer. Such vehicles are unquestionably imports. But not all company buyers may see it that way.

All the evidence suggests that smaller companies have fewer qualms about buying foreign.

One point which has been particularly vociferously aired in the wake of the Chancellor's new company car taxation proposals is the view that for many executives the car is not a perk because they need them for their jobs and so do not get them simply in lieu of salary.

Many senior managers claim that they could not do their work without a car. Indeed, virutually all of their mileage, they say, is done on behalf of their company.

The old taxation provisions recognised this by only levying taxation on private mileage. But clearly this became a notional amount, with much avoidance. Hence the new regulations, based on engine cubic capacity, establishing flat rates for all on a progressive basis designed to bite most at the top of the range.

The motor industry is currently trying to change the Chancellor's mind on what it sees as the more harmful aspects of the new policy. But as it stands the policy could clearly hit the market for larger capacity cars and, with it, their drivers. For example, one company estimated last week that its executives using company cars costing between £8,000 and £10,000 had been paying tax of about £100 to £200. They will in future be assessed for tax as though the car were worth a salary of £1,100—meaning that they will probably be paying the Inland Revenue about £800 a year in future, depending of course, on their personal tax status.

As far as the manufacturers are concerned, the policy could spell serious trouble for marques like Rolls-Royce and Jaguar. Equally it could help Continental producers which have been more active in developing executive-style cars at around the two-litre mark—the Citroen CX, Mercedes 200 and smaller BMW's present a formidable line-up at just this engine size.

It is estimated that about 90 per cent. of all Jaguars, and between 60 and 77 per cent. of Rovers and Triumphs, go to the company executive market. It would, at the least, be unfortunate if these marques, which still carry a great deal of weight at home and overseas, were hurt by fiscal policy at a time when the Government is constantly proclaiming its determination to give more thought to the industry in it general direction of industrial policy. More than anything at the moment, British Leyland needs encouragement to get back into this market.

Sophistication enters the union office

BY DAVID CHURCHILL

BRITAIN'S biggest trade union, the Transport and General Workers, has been moving away virtually unnoticed from the "cloth cap" image traditionally associated with unions, and nowhere is this more noticeable than in some of the buildings from which they are now beginning to operate.

A multi-million pound conference and convalescent complex at Eastbourne on the South Coast, due to be opened in the Autumn, is typical of this new image. But the most obvious manifestation of the "new" TGWU comes from its recently-opened £600,000 offices just outside Birmingham, which house the unions' Midlands operation.

These offices within a four-storey, "T"-shaped building opened last month by Mr. Jack Jones, the union's general secretary, might be considered unremarkable in terms of many business offices, but are interesting in that the degree of office sophistication is unusual in the trade union world. Indeed, the union's organisational structure makes it essential that its bureaucracy can cope with keeping the 1.8m. membership informed and involved.

The TGWU operates a dual "official" organisation with its members belonging to two hierarchial structures—one representing the administrative organisation with branches, districts, and regions," and the other representing each worker's industrial interests through 11 trade groups with representation up to national level. The Midlands region, for example, covers ten counties with a population of 12m. and a membership of nearly 330,000. The region also has some 20,000 shop stewards and branch officials all of whom are administratively controlled from the new offices. Thus, one of the prime function of the union's office organisation—especially in the Midlands—is communications. The union is proud of the fact that, given a circular to members at mid-day, it can reproduce, address and dispatch it to any section of its membership on the same day.

The communications department now has in the new offices a Roneo electronic stencil cutter to give an exact duplicate of the original circular to be dispatched—thus avoiding any typing errors. A photographic process reduces page sizes, enabling a two-page circular to be reduced to one page without losing legibility and thus saving paper and postage costs. This process is also used for papers, with four ballot included on one 8 inch x 1 sheet of paper, which are cut-up by branch official receipt. The department has its own printing ma for producing office stati It calculates that the c two-colour letterheads outside printers would £7.50 per thousand: yet by ing maximum use of its machines it can bring thi down to £4.07 per thousar

Part of the speed of its munications rests upon efficient microfilmed re system. Each of the 157 groups in the region is giv own code number which is integrated into the numb each individual circular. circulars are microfilmed when for example extra c are required, the code, nu identifies the relevant pie film which is then enlar using Kodak equipment— ling a complete print t taken and reproduced.

To help office efficienc senior staff at the union involved in helping to pla office layout. The commu tions department, for exa was at first entirely open but then it was realised running the printing mach and clerical work side by would be impracticable be of the noise level, so part were introduced. Other de ments in the four-storey l ing are also self-contai unlike the union's old quarter offices where de ments were split up on va floors. Among other innova is the use of video recorders in the educ department which enable union to either record telev programmes or play educat cassettes to train steward the practicalities of dealing shop-floor problems. In tion, the new offices has large committee rooms, a and boardroom, and sep departments for finance, matters and research.

While some die-hard unionists might claim tha image presented by the o is not necessarily in kee with a union's traditional t tion of improving its memb pay and conditions of work, Brian Mathers, the uni regional secretary, firmly ref this attitude. "There can be doubt that trade unions r occupy a new place in soc and we must develop to ma the new challenges that emerging," he comments.

Management meetings on film

SOMEONE WITH a penchant for statistics has estimated that in the U.S. about 11m. meetings are held every day, and that in the U.K. 20 per cent. of an average manager's time is spent at meetings of one kind or another. The figures are presented as one of the reasons for the release of a new management training film from Video Arts entitled Meetings, Bloody Meetings. Video Arts is the company which has done much to revolutionise the sales training film, bringing humour along with the message, using the familiar talents of people such as John Cleese and Ronnie Barker.

The story line chosen for Meetings, Bloody Meetings is a court case in which John Cleese is defendant, and at times policeman and counsel for the prosecution.

When consultants in management training are closely involved in the production of a film there is frequently a struggle between producer and the subject expert over cinematic interpretation. In the case of *Meetings, Bloody Meetings*, Antony Jay of Video Arts already has experience as a writer on management subjects and for the research on this film produced a booklet about the conduct of meetings.

The first draft of the booklet was circulated to company chairmen and to the Industrial Society, who acted as advisers on the film and it was then printed in the current *Harvard Business Review*.

Video Arts research led to the conclusion that there were five points where people go wrong in their approach to meetings: failure to establish objectives of a meeting in advance—or indeed to determine what would be lost if no meeting were held; failure to brief other members of the meeting; failure to organise the agenda in a sensible sequence with priority of time allocation; failure to structure discussion on each item and hold the meeting to relevant issues; and failure to summarise and record decisions and actions agreed.

These points provide a framework for the film and, as Video Arts says in its publicity, it may well be hard for anyone seeing the film to make the same mistakes again. If a chairman takes on the characteristics of Cleese it may strike other members of a meeting quickly enough to cause grins all rou

Copies of the film and bo let available from Video A 205 Wardour Street, Lond W.1.

JOHN CHITTOC

THE BIGGEST CIGARETTE NEWS OF 1976.

Benson and Hedges King Size still at 47p* for 20.

In last month's budget, the Chancellor of the Exchequer took the first steps towards changing the way tobacco is taxed in this country.

This eventually will bring us in line with the rest of the EEC.

The new system will considerably narrow the price gap between King Size cigarettes and ordinary cigarettes.

Benson and Hedges, however, want to give smokers of Special Filter the maximum benefit of this change at once.

Therefore the price of twenty Special Filter stays at 47p for the moment while the price of less expensive cigarettes goes up. It may be necessary to add a halfpenny or so sometime soon. But for the moment you can go on buying your Special Filter King Size at 47p.

And if that isn't the biggest cigarette news of 1976, we don't know what is.

Pure Gold still at 47p* for 20.

*Recommended price.

MIDDLE TAR As defined by H.M. Government
EVERY PACKET CARRIES A GOVERNMENT HEALTH WARNING

APPOINTMENTS

Chairman change at Royal London

Mr. T. Cowman has been appointed chairman of the ROYAL LONDON MUTUAL INSURANCE SOCIETY in place of Mr. J. A. Bailey, who has retired as chairman and director. Mr. C. M. Wigmore, assistant general manager is to become secretary of the society on June 1 in place of Mr. L. J. Wiseman, who retires at the end of this month.

★

Sir William Slimmings is to succeed Sir Ronald Leach as chairman of the ACCOUNTING STANDARDS COMMITTEE on the latter's retirement from that office at the end of June this year, as forecast last Friday. Sir William is senior partner in Thomson McLintock and Co.

★

Sir William Walker has retired from his directorship of the ALLIANCE TRUST COMPANY.

★

Mr. John E. Gordon has been appointed a non-executive director of the UNITED WIRE GROUP. Mr. Gordon is a director of Robert Fleming and Co.

★

Mr. Peter Scott has been appointed editor of THE TIMES HIGHER EDUCATION SUPPLEMENT. He succeeds Mr. Brian MacArthur, who is to become News Editor of THE TIMES.

★

Mr. C. D. Jones and Mr. D. Baxter have been appointed to the Board of ROSE-MORRIS AND CO., a subsidiary of Grampian Holdings. Mr. Jones becomes financial director as well as secretary and Mr. Baxter becomes purchasing director. Mr. Tony Morris has been appointed export sales manager.

★

Mr. G. F. Menear has been appointed chairman and managing director of SALEM ENGINEERING COMPANY. He retains his position as managing director. Mr. H. B. Heard relinquishes his chairmanship, and has been appointed deputy chairman. Mr. A. G. Williams has been appointed assistant managing director of the General Steels division, and Mr. B. J. Wright becomes a director and secretary of the company.

★

Mr. Robin Wiseman has been appointed administrative director of ALBANY LIFE ASSURANCE COMPANY, which he joined at its inception in 1974 as senior administrative manager.

★

Mr. B. V. Legrove has been appointed a director of WILLIAM JOHNSON AND SONS (LONDON). He was previously general manager.

★

After the annual meeting on June 1, Mr. J. C. Ness will retire as deputy chairman of SMITH ST. AUBYN AND CO. (HOLDINGS) and as a director of its subsidiaries. He will remain on the Board of the holding company as a non-executive director. Mr. S. W. Cannon and Mr. M. C. Ness have been appoi/ed assistant managers of Smith St. Aubyn and Co. Ltd., the principal operating subsidiary.

★

Mr. Ralph Platt is to join RELYON PBWS on June 1 as managing director. Mr. W. F. Curtis (chairman) retires from the Board and is succeeded by Mr. Harvey Brockenshaw who will relinquish his post as managing director.

★

Mr. W .O. D. Eadie, financial controller, Mr. J. D. Hamilton, technical assistant to the managing director, and Mr. J. E. Jones production manager (metals), have been appointed to the Board of ANGLESEY ALUMINIUM.

★

Mr. Douglas M. Gluckstein is to retire from the Board of J. LYONS AND CO. on June 30, after 46 years with the company.

★

Mr. K. Barnes, joint general manager of the MIDSHIRES BUILDING SOCIETY, has been made chairman of the finance committee.

★

Mr. Duncan Crighton, managing director of the Double A Division of BROWN AND SHARPE, has been appointed general manager of its European Operations from July 1. He will succeed Mr. Henry Holland, who is returning to Brown and Sharpe Manufacturing Company in the U.S. this summer. Mr. Crighton will retain his present position with Double A when he takes up his new post.

★

The Duke of Kent has been elected president of the ROYAL INSTITUTION OF GREAT BRITAIN to succeed Lord Kings Norton of Wotton Underwood who has served seven years as president. Mr. D. P. Thomson has been elected treasurer in place of Sir Gordon Cox. The following have been elected to the committee of managers: Sir Paul Chambers, Sir Brian Flowers, the Earl of Halsbury, Dr. Ann McLaren and Sir Harry Melville.

★

Mr. Roy Mason, Secretary for Defence, has appointed Mr. A. L. Williams, Labour MP for Havering, Hornchurch, to be his Parliamentary Private Secretary, in succession to Dr. Patrick Duffy, who was recently appointed Under-Secretary of State (Navy).

★

Mr. J. Gilmont, company secretary of the BOLTON TEXTILE MILL COMPANY, has been appointed a director. Mr. S. Lukes has resigned from the Board.

★

Mr. William Smith, a director of LEONARD FAIRCLOUGH, did not seek re-election to the Board at the annual meeting but will continue to be associated with the company.

★

Mr. J. A. S. Wallace has been appointed to the Board of PIFCO HOLDINGS and its subsidiaries and continues as company secretary.

★

Mr. J. Houghton has relinquished the appointment as managing director of METAL CLOSURES GROUP, at his own request, and has agreed to act in a consultancy capacity for the group.

★

Mr. H. R. J. Griffith has been appointed a director of THOMAS FRENCH AND SONS and three subsidiaries.

★

Mr. Graham H. Smith has been appointed managing director of HYGROTHERM ENGINEERING. He is also managing director of an associated company, Robert Jenkins Systems. Mr. Smith succeeds Mr. D. J. L. Davies, who now holds a Robert Jenkins group position.

★

Mr. Jim Brown, formerly a director with Minster Trust, has been appointed a manager of BARCLAYS MERCHANT BANK.

★

Mr. A. Allen Betts has been appointed managing director of GAF (GREAT BRITAIN) following the appointment of Mr. Ross J. Fleischman to general manager of GAF's European operations.

★

Mr. John Ivill has been appointed to the Board of WILSHAW SECURITIES as group managing director. He has also joined the Board of John Shaw and Sons (Salford), a subsidiary, and will operate full-time from Salford. Mr. Ivill was formerly assistant group managing director of N. Greening and Sons.

★

Mr. Martin B. Johnson, formerly marketing manager of the Ravenhead Company, has taken over as managing director of CUMBRIA CRYSTAL.

★

Mr. W. T. Forde has retired from the Boards of Pirelli Enfield Supertension Cables, Aberdare Cables, and Pirelli Construction Company, subsidiaries of Pirelli General Cable Works, to reduce his commitments. Mr. M. P. N. Rowe, commercial manager of the parent concern, has joined the Board of Pirelli Enfield Supertension Cables. Mr. R. H. Bunch, manager Power Cables Division, PGCW, has resigned from the Board of Aberdare Cables and Mr. R. J. Warburton, manager General Cables Division, has been appointed a director in his place. Mr. Bunch and Mr. Rowe have joined the Board of Pirelli Construction.

INSURANCE

Registration of brokers

BY OUR INSURANCE CORRESPONDENT

IN AUGUST 1970, the Minister for Industry and Commerce in *Dublin* appointed a special committee to inquire into the insurance industry in the Republic of Ireland, under the chairmanship of a Mr. J. O'Connor.

The O'Connor Committee, as it came to be known, was directed first to consider motor insurance, and published its report in February, 1973.

Last week, with another three years gone by, it came up with its "Final Report" which ranges over the whole spectrum of insurance and reinsurance (other than motor), looks at the effect of EEC directives, and includes consideration of funds, reserves, administration expenses and investment.

In one of 17 chapters, the position of intermediaries is considered: in the Republic, just as in Britain, there are no legal restrictions on who may set up as a broker, or who *may* be appointed an insurance agent, while intermediaries are found among lawyers, accountants, bank managers, motor traders, just as they are in Britain.

Distinct

The O'Connor Committee thinks there are two distinct categories of intermediary that should be given legal recognition.

First come insurance brokers, to be regulated by a *supervisory* authority yet to be appointed, and second, insurance agents who must be authorised by an insurance company to act on its behalf.

The Committee says that insurers should be prohibited from paying commission either *for the procuration or* the renewal of business to anyone not in one of these two groups.

The committee goes on to grasp the nettle—what is a broker?—by saying that no one should be allowed to carry on business "under the style of broker or cognate term" unless *he is on a Register of Insurance* Brokers which should be maintained by the Minister for Industry and Commerce.

Registration would not only entitle the individual to call himself a broker, but would give him a legal right to receive commission.

But the committee side steps the inevitable questions as to the criteria the individual should satisfy to obtain registration.

The problem is passed to the Minister, to consult with existing broker's organisations and to utilise the services of the Insurance Institute of Ireland which has volunteered to help in determining standards of professional competence.

Nevertheless, the committee thinks that any existing broker seeking registration might be expected to saisfy he supervisory auhority on seven aspects.

Indemnity

Five are unexceptional—that the broker has a clean record as an insurance *intermediary*, is of adequate financial standing, has professional indemnity cover up to a prescribed level, has prescribed academic qualifications, and has premises and other facilities to provide an adequate *service during business hours*.

But the other two may cause *brokers some anxiety. The committee* thinks there should be evidence that the broker has *not* channelled business to one or a few companies, and that the *broker should have to disclose* the quantity of business placed with each insurer.

The committee thinks the broker should have—a separate bank account wherein premium payments made by the brokers' clients would be lodged prior to forwarding the mto the relevant insurer."

Though the committee does not *spell this out*, the brokers would then clearly be in thet same position as a solicitor in relation to money in his clients' account, and a clear consequence would *be that the broker would have to* account to insurers for any interest earned on money passing through his hands.

Different

It is one thing for a committee to deliberate and report, and a totaly difference thing for a government to legislate. The *O'Connor Committee's "final* report" is still hot from the Press, while the DIC in Dublin is not renowned for rapidity of action.

There is no indication yet as to what the DIC and the Minister will do, but it seems likely that many of these recommendations *will become law in Ireland some*time in the next two years.

Meanwhile, these few pages of the report must be compulsory reading for all those concerned, on thist side of the Irish Sea, in the discussions on the status of insurance brokers in Britain, initiated last year by the Department of Trade.

'New plans needed for inflation accounting'

By Michael Lafferty

COUNTER PROPOSALS for a new system of inflation accounting should be worked out by the *Inflation Accounting Steering* Group, chaired by Mr. Douglas Morpeth, according to *Professor* William T. Baxter of the London School of Economics.

Writing in a special issue of the Journal of Business Finance and Accounting, Professor Baxter, one of the most respected accounting academics in the U.K., is critical of certain features of the Sandilands system, which the steering group is expected to follow in drafting the new accounting standards.

"Accounting principles involve both general feeling and complex analysis, so we ought not to be *surprised* if a *Government* committee, doing its best to rethink principles, should produce a report that is excellent in some parts, less so in others. In my *view, the Sandilands report* has this curate's egg quality," he says.

Professor Baxter gives the Sandilands inflation accounting system high marks for its balance sheet, but he is critical of the profit and loss account produced where, he says, the Sandilands committee's pedantic refusal to permit general index adjustments threatens income measure*ment and tax reform*. What was needed, were accounts that made intelligent use, within the same column, of both general and specific indices. Such *accounts were feasible, if hold*ing gains were treated as income.

The *professor* believes that taxation should be levied on profits calculated, after allowing for the effects of inflation by the application of general price in*dices.* "If *further encourage*ment is needed for real investment, it should take the form of allowances that are unrelated to the accounts."

Manpower planning plea

By Michael Dixon

THE ATTACK on the Government's repudiation of a "manpower-planning" approach to higher education was joined yesterday by Mr. John Phillips, *vice-chairman of the* Business Education Council and chief executive of the Chartered Institute of Secretaries and Administrators.

"Some bad mistakes have been made in manpower plan*ning and will probably be made* again, but that is not in itself sufficient reason for abandoning a rational and useful concept," Mr. Phillips declared at Combe Lodge College near Bristol.

£6 pay policy is cutting price inflation

BY MICHAEL BLANDEN

IN THE AGREEMENT on the *next phase of its wages policy*, the Government has already won support *for a package designed* to reduce inflation to about 5 or 6 per cent, by the end of next year.

*Recent indications have sug*gested that the £6 pay rise limit has already begun to make a marked impact on the growth of earnings and is helping to reduce price inflation.

Increases in the retail prices *index have continued to slacken.* (The figures for April are due to be published on Friday.)

The immediate situation will be affected by Budget changes in indirect taxes which were expected to add about ¾ per cent. to the cost of living.

A more worrying source of renewed inflationary pressure may be the effect of the fall in the value of the pound on the *cost of imported raw materials.*

Industry's output prices—the prices at the factory gate—have been rising only slowly of late. The April wholesale price indices, due to-day, will be studied closely to see how far this trend has continued.

The fall in sterling's value has already begun to make a significant impact, manufacturing industry's prices for materials and fuel jumping by 3.7 per cent. *in March alone. The further fall* since then is likely to be reflected in costs over the coming months.

Close attention will also be paid on Friday to the April trade figures, following the *exceptionally favourable* influences which produced an estimated current account surplus of £101m. in March.

This figure was treated with considerable reservation in view of the special circumstances which contributed to the improvement. But there is a growing view that the U.K.'s balance of trade is improving faster than estimates so far have allowed for and that the export-led boom which is intended to provide the main impetus for economic recovery is gathering pace.

Furniture sales peak

BY DONALD MACLEAN

FURNITURE industry sales in the U.K. reached a record £579m. in 1975, at manufacturers' wholesale prices, Sir Roger Falk, chairman of the Furniture Development Council, says in the Council's annual report for 1975, published to-day. This was 34.6 per cent. up on 1974's record £430m.

The performance of the industry *last year*, Sir Roger says, has been one justifiably to be viewed "with a large measure of pride."

The results were achieved in a year of "uncertainty" for many other industries.

Price *increases for furniture*, he says, were "significantly below" the 24 per cent. overall rate of inflation.

The year saw the number of furniture companies registered with the Council rise to 1,707, from 1,697 at the end of 1974, maintaining the upward trend *started in 1974*, and bringing the number of companies registered to the highest level since the 1,726 of 1971.

Whether increased buying of *furniture in 1975* had "prejudiced" future sales "was difficult to say," according to Sir Roger.

But the industry had developed "an essential English style of furniture and presentation that *should be attractive in many ex*port markets."

ENTERTAINMENT GUIDE

OPERA AND BALLET

COLISEUM. (01-836 3161.) LONDON FESTIVAL BALLET. Eves. 7.30, Mat. Sat. 3. Tonight, Tomor., Wed. & Thur. Le Spectre de la Rose, Giselle; Fri. & Sat. Don Quixote. LAST WEEK.

COLISEUM. 836 3161. May 17-29. THE STUTTGART BALLET. Seats available for all perfs.

COLISEUM. June 1 to July 17. NUREYEV FESTIVAL. Rudolf Nureyev will appear with three companies and will dance at each perf. June 1 to 19: London Festival Ballet. June 22 to July 3: Nureyev and Friends. July 5 to 17: The Scottish Ballet. BOOKING NOW OPEN. 836 3161.

COVENT GARDEN. 240 1066. THE ROYAL OPERA. Tonight, Thur. and Sat. 7.30 A MIDSUMMER NIGHT'S DREAM; Tomor. 7.30 Rigoletto; Wed. 7.30 Eugene Onegin; Fri. 7 Le nozze di Figaro. Seats avail. except Wed. 65 Amphi seats for all perfs. on sale from 10 a.m. on day of performance.

PALLADIUM. 01-437 7373. Gala Opening July 5, to July 28. Eves. 7.30. Mat. Wed. Sat. 2.45. AUSTRALIAN BALLET'S full-length version of Franz Lehar's Operetta THE MERRY WIDOW. "A superb new contribution to the int'l ballet repertoire." Sunday Press.

THEATRES

ADELPHI THEATRE. 01-836 7611. Opening Tuesday, June 15. IRENE. THE MUSICAL MUSICAL. REDUCED PRICE PREVIEWS June 4, 5, 7, 8, 9, 10, 11 and 14 at 7.30. Saturday June 12 at 5.30 and 8.30.

ALBERY. 836 3878. Evenings at 8.00. Mats. Thurs. 3. Sats 5 and 8.15 sharp. National Theatre Production. COLIN BLAKELY in EQUUS by PETER SHAFFER. Directed by JOHN DEXTER. "STUNNING and COMPELLING." Std.

ALDWYCH. 836 6404. Inf: 836 5332. Royal Shakespeare Company. Evenings 7.30. Mat. Sat. 2.0. BRITISH PREMIERE OF Maxim Gorky's THE ZYKOV'S. "... a masterful production ... which no intelligent man can afford to miss."

[illegible]

FORTUNE. 836 2238. Mon. to Sat. 8. Mat. Sats. at 5. Thurs. at 3. LILA KEDROVA, SIMON WILLIAMS, VERONICA QUILLIGAN, MARY KERRIDGE. "Matching the best—this sparkling GIGI"

[illegible]

QUEEN'S. 01-734 1166. Evenings 8.00. Mats. Thurs. 3.00. Sat. 5.30 and 8.30. Winner of all the awards for Michael GAMBON in Simon GRAY'S OTHERWISE ENGAGED. Directed by Harold PINTER. BEST PLAY OF THE YEAR.

[illegible]

THEATRES ARE CONTINUED ON PAGE 10

THE JOBS COLUMN

System-beater, full time

BY MICHAEL DIXON

THE CIVIL Service last year wanted to take on 81 accountants and senior accountants whose work presumably has a bearing on the efficient use of taxpayers' money. It managed to recruit only about 50, from an initial inflow of 723 applications.

It also wanted to recruit about 100 tax inspectors. All of these posts were "very successfully" filled, possibly because there were no fewer than 2,800 applications for them.

This reminds me that not very long ago I bumped into a man whom I know to be not only an efficient and innovative manager of the technology of his field, but also a proven expert in large-scale marketing. Since he has now changed from a big to a smallish concern, and I have a detailed interest in what managers of various types actually do for their living, I asked him how much of his time he now devoted to production, and how much to marketing.

"Very little to either," he replied. "What I'm occupied almost exclusively with these days is tax avoidance." (When I met him, by the way, he was on his way home from work, at about 11.30 p.m.).

The company's owners had put a lot of money and effort into equipping and manning it efficiently, he said, and it was doing very well—clearing something like 25 per cent. on turnover.

"Given a reasonable tax situation, I'd be quite willing to cough up our fair share. But as the burden is complicated as well as crippling, and needs a lot of attention, we've decided to turn the work involved as much as possible to our own benefit. I wish I could fix for a fair share to go to our good workpeople, but the laws unfortunately prevent it."

He had found tax-avoidance rather dull work at first, but had since become fascinated by it. "It's keeping a couple of steps ahead in outwitting the bureaucracy, you know—a challenge to the brain and a delightful outlet for one's competitive instincts."

He was convinced that his company was far from unusual in this. "They say trade is dead, but in my small town alone, I see four new £12,000 cars driving to work every morning."

"I'd say a lot of people are doing very nicely. But the Government has pushed us into what you might call the Italian tradition, where there is an inefficient structure of big companies wilting in full public view, and a lot of little fast-moving ones coining money, watching keenly for better ways to beat the system, and taking great care to keep the public from ever hearing anything about them."

Could it be, I wonder, that this country still has a real—if unseen—basis for a prosperous economy, even though the Civil Service found itself having to recruit, as well as 100 new income tax inspectors, a further 40 examiners in insolvency.

AT this very time, the Service is offering up to £10,265 for an adviser, and up to £8,225 for an assistant adviser to form a new section intended to develop trading standards, and located in the Department of Prices and Consumer Protection. Candidates must be certified to act as an inspector of weights and measures, and have appropriately senior, up-to-date experience in a local authority. Inquiries to the Civil Service Commission, Alencon Link, Basingstoke, Hants RG21 1JB. Tel. Basingstoke 68551 or, for answering service, 01-839 1992. Quote reference G/9273. Closing date for applications May 24.

JOHN FULFORD, of Grosvenor Stewart, is handling the appointment of a marketing planning manager who will be responsible to the marketing manager—Europe of the United States-based health-care-products group Davol. The job is at Clacton-on-Sea. Candidates need marketing experience in some sector of the health-care field, including operations in Continental Europe, and experience also in corporate or strategic planning. Salary £6,500; car. Applications to Mr. Fulford at 1 The Churchyard, Hitchin, Herts. Tel. Hitchin 2642.

DAVID LEWIS, editor of the Money Management monthly magazine, wants an assistant editor in London to write, run the magazine on occasion, and compile and produce four detailed yearbooks. Candidates, in mid-20s, must show that experience equips them for the job. Salary £4,000 to £5,000. Applications to the editor at 30 Finsbury Square, London EC2A 1PJ — Tel: 01-628 4050.

BOB THORPE, of PER in Portsmouth, is seeking a financial accountant for the motor-vehicle-accessory manufacturer, Wingard, in Chichester. Experience of manufacturing business, and of group accounting desired. At least part qualification wanted. Age 25-40. Salary about £5,000. Telephone Mr. Thorpe on Portsmouth 815241.

BANKING APPOINTMENTS

COMPANY NOTICES

TENDERS FOR GREATER LONDON BILLS

1. The Greater London Council hereby give notice that Tenders will be received at the Chief Cashier's Office, Bank of England, London, EC2R 8AH, on Monday, 17th May, 1976, at 12 noon, for Greater London Bills to be issued in conformity with the Greater London Council (General Powers) Act, 1967, to the amount of £35,000,000.

2. The Bills will be in amounts of £5,000, £10,000, £25,000, £50,000, £100,000 or £250,000. They will be dated Thursday, 20th May, 1976, and will be due 91 days after date, without days of grace.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are usually for the purpose of considering dividends and official indications are not available whether dividends concerned are interims or finals. The sub-division shown below is based mainly on last year's time-table.

TO-DAY

COMPANY MEETINGS—
Ash and Lacy, Birmingham, 11.30
Ashmole Inv. Trust, 2, St. Mary Axe, E.C., 12
Beatson Clark, Sheffield, 12.30
C.S.C. Investment Trust, 44 Bloomsbury Square, W.C., 2.30
Commercial Union, Baltic Exchange, E.C., 12
Merchants Trust, 20 Fenchurch Street, E.C., 11.45
Pawson (W. L.), Halifax, 3.30

BOARD MEETINGS—
Finals:
Aberdeen Investments
Anglo African Finance
Bishopsgate Trust
European Ferries
Shellabear Price
Walker (Alfred)
Warrington (Thomas)

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Today	Air Cargo Services & Equipment Exbn. (cl. May 12)	Heathrow Airport
May 11—13	Word Processing Exhibition and Conference	Cunard Int. Hotel, W.6
May 14—16	International Air Fair	Biggin Hill
May 15—22	Buxton Antiques Fair	Pavilion Gardens, Buxton
May 16—19	London Meat Trades Fair	Alexandra Palace
May 16—20	Int. Contract Furnishing and Interior Design Exbn.	Olympia
May 17—21	American Leisure Goods Exhibition	U.S. Trade Center, W.1
May 17—21	Danish Food and Drink Exhibition	Bloomsbury Centre, W.C.1
May 17—21	Int. Safety Trade Exhibition and Conference	Nat. Exbn. Centre, B'ham
May 18—20	London Toy Show	Cunard Int. Hotel, W.6
May 23—27	Int. Home Electronics, Domestic Appliances Exbn.	Nat. Exbn. Centre, B'ham
May 24—27	Audio Visual Exhibition	New Horticultural Hall
May 24—28	Offshore Wales Exhibition and Conference	Cardiff
May 24—28	Light Engineering and Workshop Equipment Exbn.	Belle Vue, Manchester
June 4—12	Ideal Homes and Trades Exhibition	Wolverhampton
June 7—11	World Gas Exhibition & Conference	Royal Festival Hall
June 8—10	International Print Fair	Cunard Int. Hotel, W.6
June 8—11	Communications Equipment and Systems Exbn.	Metropole Centre, Brighton
June 8—12	Carton Quincentenary Exhibition	Olympia
June 9—10	EIA Engineering Exhibition	London Heathrow Airport

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	International Trade Fair (cl. May 16)	Paris
Current	New Zealand Trade Fair (cl. May 22)	Wellington
May 11—15	Int. Energy Economy Exhibition and Forum	Oslo
May 13—22	International Food and Allied Expo.	Pretoria
May 14—23	International Agricultural Fair	Novi Sad
May 14—23	Public Works and Building Equipment Int. Exbn.	Paris
May 17—20	Int. Hovering Craft and Hydrofoils Exbn. & Conf.	Amsterdam
May 18—21	Int. Traffic Engineering Exhibition	Amsterdam
May 19—28	British Building Exhibition	Rotterdam
May 20—24	Carpet & Home Textile Exhibition	Milan
May 20—24	Optical Equipment Exhibition	Paris
May 21—27	International Agricultural Show	Munich
May 22—29	Woodworking Machines Exhibition	Milan
May 22—31	International Trade Fair	Bordeaux
May 22—June 2	International Fair	Padua
May 29—June 3	International Furniture and Furnishing Fair	Bari
June 1—5	World Railways Engineering Exhibition	Basle
June 6—13	International Marble Fair	Thessaloniki
June 6—17	International Fair	Poznan
June 7—12	International Shipping Exhibition	Piraeus, Greece

BUSINESS AND MANAGEMENT CONFERENCES

May 11	Inbucon Group: Relocation or Dislocation	Financial Times Cinema
May 11—12	EBI: International Money Management	Paris
May 11—13	Method Development Works Study Appreciation	10, Woodhouse Sq., Leeds
May 11—14	"PLAR": Latin American Reinsurance Pool Conv.	Asuncion
May 11—14	Urwick: Business Modelling	Urwick Centre, Slough
May 12	Imperial College: International Finance	Imp. College, S.W.7
May 12	Staniland Hall: North Sea Oil and British Economy	Churchill Hotel, W.1
May 14	Guardian: Industrial Tribunals	Park Court Hotel, W.2
May 16—27	Wales Int.: Executive Action Programme	Stratford-upon-Avon
May 19	BIM: Economics and Efficiency of Distribution	Preston
May 24	NEDC: EEC Regional and Ind. Policy Seminar	Durham University
May 24—26	IPM: Pay Policy—The Impact of Govmt. Action	Whites Hotel, W.2
May 24—26	IFIP: Retailing, Banking and Plastic Money	Amsterdam Hilton
May 24—26	Asian Seminars: Taxation and Investment	Hong Kong
May 24—28	P-E Cons. Group: Leadership in Management	Training Centre, Egham
May 24—28	Bradford Univ.: Corporate Planning in Practice	Heaton Mount, Bradford
May 25	Institution of Electrical Engineers: Reviving the U.K. Economy—What can Automation Offer?	Savoy Place, W.C.2
May 25	Assoc. Cert. Acc.: Current Taxation	Exeter University
May 25—26	CBI: Strategies for Industry	Cavendish Centre, W.1
May 25—26	MES: The Practice of Credit Control	Connaught Rooms, W.C.2
May 25—28	European Federation of Fin. Analysts Congress	Brighton
May 26—28	Orr & Boss: Selling to the Offshore Oil Market	Dunchurch, Rugby
May 27	WTI: Manufacturing Licensing Overseas	World Trade Centre, E.1
June 2	Henley Centre: Consumers' Purchasing Power	Hilton Hotel, W.1
June 3—4	Financial Times, Bank of Greece, Olympic Airways, Investors Chronicle: Doing Business with Greece	Athens Hilton
June 3—4	ESC: Anti-Trust Laws and Licensing	Cannes
June 4	Inst. of Work Study: Government Training Grants	City University, E.C.1
June 7—8	Strategic Management: Creativity & Innovation	Stratford-upon-Avon
June 7—9	Financial Times, Al-Akhbar, EgyptAir: The Middle East Development Conference, Egypt the Next Five Years	Cairo
June 7—11	Matchett Training: Creative Design-Engineering	Birmingham Centre Hotel
June 14—16	LCCI: Saudi Arabia & the Gulf States	Farnham Castle, Surrey

THEATRES—(Cont.)

CINEMAS

ART GALLERIES

BUSINESS OPPORTUNITIES

PUBLIC NOTICES

PERSONAL

CLUBS

LABOUR NEWS

Engineering union sections try again for full merger

BY ALAN PIKE, LABOUR STAFF

THE FULL executive committees of the Amalgamated Union of Engineering Workers' four sections will meet to-morrow to take stock of their unsuccessful attempts to create a fully integrated single union for the engineering industry.

Their discussions will be dominated by concern about what will happen if, next week, the policy-making national committee of the big engineering section again rejects attempts to make full amalgamation a reality.

Two previous national committees have thrown out detailed proposals for the merger of the AUEW's engineering, foundry, construction and white collar sections and told the executive to think again. Mr. Hugh Scanlon, AUEW president, and his executive colleagues will be returning this year with revised plans which they hope the committee will agree should go to a ballot of members for a final decision.

Leaders of the construction section have already expressed doubts about whether they will remain in the AUEW amalgamation and it is apparent that impatience is now spreading within the engineering section.

The agenda for next week's national committee includes resolutions demanding amalgamation on terms almost certain to be unacceptable to the other partners.

One from the Right-wing Birmingham area calls for a 60-man policy-making body in the new union—quite different from the executive's proposals—and adds the rider that continued amalgamation with any section not willing to accept these terms would not be in the interests of members.

This approach reflects the growing fear among many AUEW moderates, originally enthusiastic for the amalgamation, that the union might be exposed to increased Left-wing influence, particularly from the militant technical, administrative and supervisory (TASS) section.

They are, therefore, anxious that the new decision-making body should remain firmly under engineering section control.

The proposals likely to be put before the committee by the executive will be for a new committee of 150 delegates—91 from the engineering section—although the foundry section would prefer a conference double this size.

Another difficulty in full amalgamation concerns the position of TASS full-time officials. They are not exposed to periodic re-election, like those from other sections, and the executive is proposing that, while new officials should be subject to re-election, existing ones will continue in their posts permanently.

This will not be readily accepted by many members of the national committee, whose agenda contains calls for all TASS officials to face election within three years of full amalgamation.

Apex backs pact

By Ian Hargreaves, Labour Staff

FIRM SUPPORT for the TUC-Government pay pact came at the week-end from the clerical workers' union APEX and the National and Local Government Officers' Association.

At Scarborough, the annual conference of the Association of Professional, Executive, Clerical and Computer Staff responded to a powerful speech by Mrs. Shirley Williams, Prices Secretary and an APEX member, and voted by more than four to one for an executive-backed motion congratulating the Government and the TUC.

Mrs. Williams told sponsors of a Left-wing move for a return to free collective bargaining that they did not realise what a perilous state the country was in. But the Labour Government, with union support had halved the rate of inflation and fulfilled two-thirds of its manifesto pledges.

"For heaven's sake when are we in the Labour movement going to give ourselves a bit of credit for what we have done?" she asked.

Opposition to Mrs. Williams was led by Mr. Ted Fletcher, another APEX MP, and a member of the Tribune group. He told delegates that the union should not accept an agreement which ignored so many of the TUC's stated objectives on such matters as import control and prices.

The conference went on to call for import controls against countries clearly guilty of dumping and where unfair conditions of trade were imposed on British exporters, as was the case with the Japanese technical standards barrier against British cars.

NALGO support

The pay policy was also backed at a meeting of the executive of NALGO, the largest white-collar union.

By 47 votes to 17 it agreed to recommend to the union's annual conference in Eastbourne next month a resolution that the continuing development of the "mutually acceptable economic policy" proposed between the trade unions and Government must be "the cornerstone" for promoting economic growth.

It lists points which the NALGO executive has long considered an important part of TUC - Government economic strategy.

The call at the conference for maintained public expenditure and extended control of capital, including the harnessing of superannuation funds for manufacturing investment, will have the backing of a 30-page economic review, which the union sees as "a major initiative."

Working from the basic position of the TUC economic review, the document will outline way in which spare capital can be channelled into investment without trimming public spending.

ASTMS decides to oppose new pay policy at TUC conference

BY DAVID CHURCHILL, LABOUR STAFF

BRITAIN'S seventh largest trade union, the 370,000-member Association of Scientific, Technical and Managerial Staffs, will oppose the new pay policy at the special congress of the TUC next month.

Delegates at the ASTMS annual conference in Eastbourne voted by a clear majority to reject the policy because it failed to support the TUC's main economic strategy, which includes selective import controls and measures to reduce the high level of unemployment.

Mr. Clive Jenkins, ASTMS general secretary, predicted that the unemployment situation would lead to "pitched battles" by people threatened with the loss of their jobs. "More trade union money is going to be spent on disputes in the coming year than we have ever seen before," he told delegates.

The TUC general council had been "woefully mistaken" to support the new policy without having achieved any of its other economic aims. But he also opposed the new policy because it restricted earned income "at a time when all other incomes derived from wealth and ownership were not being touched at all".

Support for the pay policy among ASTMS delegates largely centred around the political effects for the Labour Government if no agreement was reached.

Democracy

Mr. Jenkins, however, played down these political effects, claiming that the Conservative Party was "too disunited" to mount an effective political challenge.

Despite the conference decision to oppose the policy, Mr. Jenkins believed that the General Council recommendation would be carried by a majority of about nine to one at the special congress next month. But he pledged to continue pressing the union's policy on the Government's overall economic strategy.

During the week-end conference, Mr. Jenkins also established his support for the principle of worker-directors elected by employees.

A member of the Bullock Committee of Inquiry into Industrial Democracy, Mr. Jenkins persuaded the conference not to reject totally the concept of worker-directors. A number of delegates had suggested that industrial democracy was only a token gesture by employers to the trade unions.

Among the areas of involvement, Mr. Jenkins wanted for employees was the power to help determine senior management changes. In addition, he argued that giving more information to employees would help prevent situations such as the Rolls-Royce collapse.

Apart from dealing with the main economic policy issues, the conference also rejected criticisms of the union's national executive for revealing that Mr. Tony Kelly, a member of the Newham N.E. Labour Party which opposed re-selection of Mr. Reg Prentice as its MP, was not an accredited ASTMS member.

Management institute call for plans to beat sit-ins

BY IAN HARGREAVES, LABOUR STAFF

COMPANIES should make contingency plans for sit-ins by their employees, a report from the Institute of Personnel Management says to-day.

Suggested measures include security arrangements for equipment, services and confidential papers; nomination of a senior employee to co-ordinate affairs during the sit-in; and preparation of three sets of envelopes addressed to employees' homes to pass information to workers not involved in the action.

The report says sit-ins and work-ins "are becoming a feature of life for many companies" but that management should not be mislead into dealing with the sit-in in isolation. The main object should be to resolve the dispute which has led to the action.

For this reason, the report advises against attempting evictions. "The factors to be taken into account should include the damage to long-term industrial relationships which might be incurred by using the law; the cost to the company of the occupation; its effects on employees not involved in the action; and the effect of the occupation on the organisation's customers."

The guide lists the things a manager faced with an occupation should do. These include keeping open lines of communication with occupiers; regular briefings for employees not involved; payment of non-involved staff; attention to commercial contract liabilities; possible disconnection of services; contact with union officials and conciliation services; and efficient handling of Press relations.

The report stresses that the best form of action is preventive, and furnishes a brief guide to good industrial relations practices.

Most social security staff 'below the poverty line'

BY PAYING three out of four members of staff in social security offices wages below the poverty line for a two-child family, the Government is rationing the money paid out in benefits, according to a report from the Low Pay Unit.

The report published to-day compares pay rates in social security offices with qualification levels for family income supplement and rates of supplementary benefit.

Working on pre-Budget figures, when the eligibility limit for incomes supplement for a two-child family was £37.18, the report finds that two out of three employees in social security offices will qualify for benefit during some part of their career. This the unit takes to be an indication of poverty line wages.

The unit calculates that a worker with two children would need to earn £47.71 a week to bring in a net income equal to the current level of supplementary benefit for someone of similar status.

On this basis, "three out of four employees are below this poverty line income for part, and often the major part of their working life." Out of a total of 60,031 employees only 3,150 "are immediately guaranteed salaries above the poverty line as we have defined it."

Describing the situation as "a scandal," the report accuses the Government of using low pay in social security offices as a means of rationing payment of benefits.

"It is a system where the poor administer to the poor. And one can imagine the difficulties local clerks have in making proper decisions about claimants' needs . . . when the clerk himself or his colleagues in the office may be taking home less than the claimant is entitled to receive in basic payments."

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● POWER

Biggest cables for the Skagerrak

LARGER and heavier than anything yet installed, high voltage direct current submarine cables are to be laid under the Skagerrak between Norway and Denmark—a distance of approximately 130 km.

Norway's energy supply is largely based on hydro-electric power whereas the energy supply in Denmark is based on thermal power. Feasibility studies have shown economic advantages for both countries will be obtained by connecting their power grids. To provide this link Standard Telefon og Kabelfabrik, Oslo, Norway, is making two high voltage direct current submarine cables which are to be laid in complete lengths.

The first 250 MW submarine cable (transmission capacity 250 kV, current 1,000 amps, weight approximately 30 kg/m or 6,500 tons) will be laid this summer from Kristiansand on the south coast of Norway to the north coast of Denmark at Lild Strand in Jutland. In certain areas the cable will reach depths of 500 metres or 300 fathoms. This will be the first time a heavy power cable with flexible joints will be laid in such deep waters.

By 1977 the second cable will have been laid and the first stage to complete the initial 500 MW HV DC transmission completed at a cost of approximately £16.5m.

Two other cables with the same power capacity will probably be laid at a future date to provide a further 500 MW.

The cables will be of the paper-insulated mass-impregnated type with a 800mm² circular copper conductor, a 16mm insulation thickness protected with F-3 alloy lead sheath covered with a polyethylene sheath and two layers of heavy steel armour wires.

To cope with transport difficulties and other problems an entirely new plant had to be built on a coastal site for the manufacture of the Skagerrak HVDC cables. Their construction demands great technical skill and poses many technical challenges. Trial cables, including flexible joints, have been subjected to stringent mechanical tests at a depth of 640 metres in the Hardanger Fjord on the west coast of Norway. These tests were followed by further electrical tests on board ship and back at the laboratory.

● METALWORKING

Chamfers on both ends of springs

DESIGNED TO produce chamfers on both ends of springs, a machine has been developed by Bennett Tools, Arthur Street, Redditch, Worcs. (a TI company) in conjunction with W. Brand of Lippstadt, Westphalia, West Germany.

Production rates of 5,000 springs/hr chamfered on both ends for 20mm dia. springs wound from 3.2 mm dia. wire have been achieved on a prototype model in a production line.

Called the ECI, the machine will handle springs from 12 to 35 mm dia. and 15 to 100 mm long, and produce chamfers of 30 to 60 deg. as required. It will remove "fraze" from the end-faces of compression springs which have been ground parallel, and produces a uniform chamfer on both ends of the spring.

Springs are gravity-fed down a chute, then rolled along between guides by an overhead belt. Two cylindrical grinding wheels, offset and mounted above the springs, grind the outside edge of the spring face.

A range of belt widths covers different spring lengths—a belt can be changed and guides reset in 30 minutes. If the new spring length does not require a different belt width, guides can be adjusted in five minutes. Grinding wheels are moved in and out by handwheels in less than five minutes.

Modular cutoff

FABRICATORS USING the Magna-Die system for sheet metal forming and perforating from an automatic coil feed can carry out both the die operation and workpiece cutoff with the same press stroke, using 9 inch modular MCO cutoff dies.

Capable of cutting AISI 1020 steel up to 0.093 in. thick, the MCO cutting steels are designed to be butted together with the Magna-Die press setup to form a continuous cutting edge with a length in any multiple of 9 inches. Punch and die steels have four cutting edges, brought into use as the edge dulls by reversing the steels, which can also be sharpened.

Powerful integral magnets hold the punch-retaining shoe against the upper face of the Magna-Die, while the die-retaining shoe is held in position on the Magna-Die shoe by a template and snap rings that fit over locator posts.

The MCO die was developed by S. B. Whistler and Sons, Inc., PO Box D, Buffalo, NY 14217, U.S., which makes the Magna-Die.

● DATA PROCESSING

Colour deal

MARKETING agreements have been reached between BOC Automation and Applied Color Systems (Europe) to combine the former's technical experience in industrial computer systems with the latter's knowledge as leaders in colour analysis and computing technology.

By expressing colours in numerical terms and applying the results through complete systems, the two companies say that they can reduce costs and improve quality in applications ranging from the control of raw materials to that of finished products. BOC Automation is at 2, Morris Road, Daventry, Northants (03272 5036).

More power to stress analysis

WITH THE launch of ASAS-G this month, Atkins Computing Services will be the first bureau to offer the new version of the ASAS finite element system. This will enable them to give users a more powerful analytical tool for the solution of stress and structural analysis problems.

ASAS-G is a major up-grade carried out by the original Development. Supported by authors, Atkins Research and funds from the Department of Industry (through the Software Products Scheme administered by the National Computing Centre) this latest work brings the total design effort on ASAS to over 70 man-years which makes it Europe's most highly-developed commercial stress and structural analysis system: and competitive with those from the U.S.

Among improvements on the input side is the ability to handle cartesian, spherical and cylindrical co-ordinate systems—or combinations of all these—within the same problem. This can greatly simplify data preparation for many types of structures, including those encountered in the analysis of offshore steel jackets where intersecting tubes are involved.

Atkins is on Epsom 40421.

Eye on wind and rain

COMPLETELY integrated, a set of weather transducers is available on the market. It is linked to a cassette via an interface and data logger and has a storage capacity of three weeks, logging all parameters at five minutes intervals.

No more daily readings in difficult climatic situations are needed. Once erected, the station is left in situ and the cassette is changed every three weeks. This cassette is then returned to the Institute of Hydrology for a computer print-out at a cost of £12 per tape. Alternatively a translater can be used for a binary punch tape output.

The weather station in its standard form is equipped with sensors for nett radiation, wind run, wind direction, rain gauge, thermal radiation screen, solarimeter, and with a data logger and interface.

There are 11 channels available in the data logger, only seven of which are normally in use. Transducers with compatible outputs can be incorporated in the systems depending on the customers requirements.

Didcot Instruments offers a 12 month guarantee on purchase, and one week service on any transducer found to be giving false readings.

It operates from Station Road, Abingdon, Oxfordshire, OX14 3LD (0235 22345).

● BUILDING

Testing of ICI foam

CAVITY FOAM insulation developed and marketed by ICI Insulation Service has passed and exceeded one of the most rigorous rain-check tests in Europe.

In it, a test wall filled with foam withstood five days of continuous rain under Storm Force 10 conditions without any sign of damp penetration.

The tests were conducted in Holland by T.N.O. Bouwcentrum, the independent organisation established by the Dutch Government to carry out applied scientific research. As part of its programme of energy conservation, the Dutch Government gives grants of up to 30 per cent. to private homeowners and housing corporations towards the cost of insulating houses, including cavity walls. To qualify for this aid, cavity wall insulation must be carried out by companies using systems approved by T.N.O.

ICI, the U.K.'s leading cavity wall insulator, two years ago formed a joint company with Ogem B.V. of Rotterdam to install British "Ufoam Plus" in Holland. The company is called Isolatie Dienst Nederland B.V. (IDN).

In one part of the test the wall was subjected to the T.N.O. simulated driving rain test. This specifies a 2.0m by 2.0m wall consisting of facing brick, 60mm foam-filled cavity and a plastered sand-lime brick inner leaf.

The first 12 stages in the test involve steadily increasing simulated wind conditions, up to storm force 10 (22 m/s speed) and increasing rainfa[ll] to 11mm/hr maintained ov[er an] eight-hour period. Ufoam achieved stage 12, the accep[table] level, and went on to pass 13 consisting of an eigh[t-hour] period of storm force 10 with a rainfall of 45mm/[hr] total of 364mm (14.3 ins).

At ICI's request, stage 13 [con]ditions were continued [to] establish how much of severe treatment Ufoam could withstand. After five there was still no rain pe[netra]tion and it took almost six (140 hours) before a small patch finally appeared on inner surface. This excep[tional] result is the equivalent [of] years cumulative rainfall at William—one of the w[ettest] places in Britain—or 11 yea[rs] London, but virtually none would be driven by winds of strength.

The complete test serie[s in]volved all aspects of foam [pro]perties and "Ufoam Plus" p[assed] every section.

T.N.O. said in its comme[nts] that one striking feature w[hich] emerged from the tests was very slight linear shrinkage the better than average transfer coefficient of the product.

● HYDRAULICS

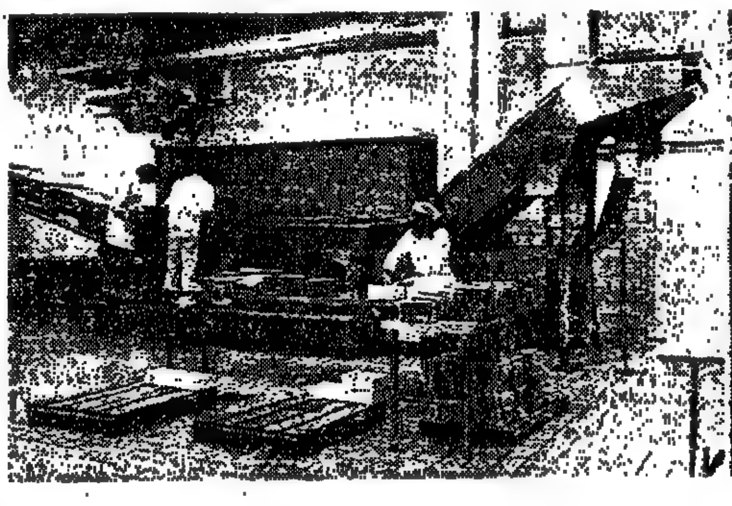
One ram lifts man

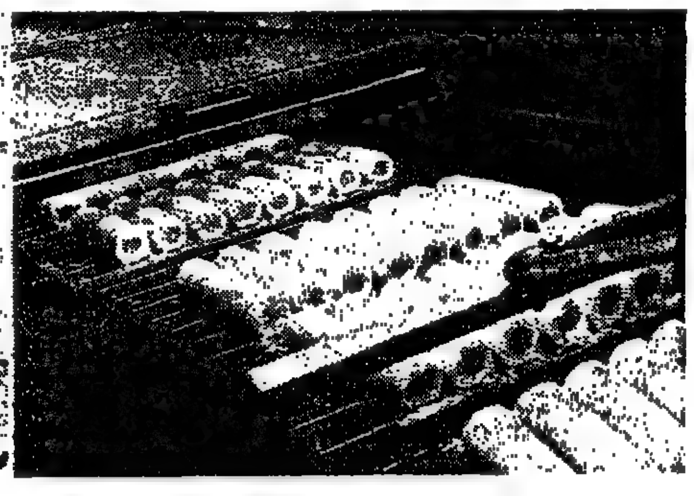
USING ONLY one hydraulic ram, the Worklift A95 can raise 170 kg (one or two men) to a height of 9.5 metres. A linking device between the upper and lower arms keeps the platform travelling vertically, while the height is varied with only one control.

The platform is mounted on a trolley with four swing-out stabilisers, each fitted with a lockable castor mounted on a screw jack—it can be moved with the stabilisers extended.

Power is supplied by two 12V batteries, capable of giving about 100 full lifts before re-charging is required. Rise time to maximum height is 35 seconds, and to lower takes 25. A manual valve can be used to lower the platform in emergency.

The maker is Hymo-Lift, 8 Quarry Park Close, Moulton Park, Northampton NN3 1QB (0604 42267).





Yolk in every slice

THE U.K.'s first "long egg" machine will be installed this summer for Adams Hen, Alton, near Chesterfield, our Copenhagen correspondent reports.

The machinery, developed for the Danish Co-operative Egg Export Board by Sanovo Food and Engineering Ltd. A/S, of Odense, turns ordinary eggs into a 22 cm hard-boiled egg "sausage" with continuous yolk through the centre. The advantage of the long egg is that every egg slice contains an equal quantity of yolk, and white-only slices from the ends of an ordinary hard-boiled egg are eliminated.

Long eggs have special advantages for the catering and food processing industry. Sanovo sees a big future in the U.K. for long eggs in the making of ham and egg pies, for example. But eventually the Danish egg co-operative intends to introduce the long egg to the retail market. In Denmark, where open sandwiches are the staple lunch, the long eggs will save the busy housewife time and trouble when packing the family's lunches, claim the co-operators.

The prototype of the long egg machine was developed by the Copenhagen Technical University, but Sanovo carried out further development work and made the first operational machinery, where three long egg machines at the Egg Export Board's Roskilde plant process 9,000 eggs an hour. The egg whites are first injected into a mould with a central core. After coagulation of the whites, the core is automatically removed and yolks injected. The resulting long egg is then heated, cooled, and finally frozen.

The cost of a long egg machine is about kr.390,000 (£32,000), but with deep freezing plant the costs of installation run to about kr.1m. (£92,000). The sales price of 1 kg of long egg is kr.14.60 compared with kr.7.40 for 1 kg of fresh eggs, but Sanovo claims that when the rationalisation of the work process is taken into account long eggs are fully competitive with fresh eggs, at least for catering industry and institutional use. Permutations on the process seem endless, though one cannot banish the thought that Scotch Eggs will never be the same.

Sanovo Food and Engineering A/S, Hvnegade 33, DK 5100, Odense, Denmark.

● PACKAGING

Versatile flip-top packer

ANSWERING THE challenge from European competition, Molins, Evelyn Street, London, SE8 5DH (01-237 4581), has introduced the HLP.3 hinged-lid cigarette packing machine. It will make its first public appearance next week at the World Tobacco Exhibition in Geneva.

The flip-top pack was invented by the company but until now there was no packing machine on the market that matched the speed of Molins cigarette maker. The HLP.3 will pack, stamp, box and wrap cigarettes at speeds up to 300 packets/minute, and is available in modular options from packer only to full production of wrapped boxes.

Apart from packing speed, a major feature claimed for the machine is its versatility—it is stated to be capable of handling over 1m. variations of cigarette size, foil variation, revenue stamp position, cigarette formulations, packet content, blank quality, etc.

Other features are low noise level (83 dBA), its rapid facility for changing cigarette size over the range from 66 to 105 mm. length, and polycarbonate machine guards, providing clear safe viewing for the single operator. Floor space required is 17 square metres.

● PROCESSES

Corrosion resistant pumps

VERTICAL SPINDLE sump pumps, with polypropylene casing and impellers mounted on stainless steel or titanium shafts and suspension systems, have been added to the range of chemical pumps made by Crest Pumps, Uddens Trading Estate, Wimborne, Dorset, BH1 7NH (02017 4411).

The shafts are in corrosion-resistant ptfe bearings, and the pumps have no mechanical seals or glands. They can be driven by electric or air motors.

Capacities are up to 45 gpm, with heads up to 33 ft. Length of the pump under the mounting plate is made to suit the customer's requirements, to a maximum of 8 ft. On some sizes, ptfe casings and impellers are available.

● MINING

New family of locos

MINING engineers firm specialising in locos, Hudswell Clarke Company of Leeds, is making a return to the mining industry after a gap of several years with a new 100 hp double-ended flame proof locomotive fitted with a synchro self-shift gearbox which maintains continuous torque to the wheels, even during gear changing, and is now on final test before delivery to the NCB.

This follows a string of earlier locomotives, the first of which in the series was delivered to a Northern colliery in October, 1946 and the 500th of which was the last mine locomotive to be built by Hudswell Clarke at the Railway Foundry Leeds. The company is now a member of the Hunslet Group.

In the latest loco priority continues to be given to the many safety devices including reducing the risk of fire by water-cooling th exhaust manifold. Protection against high exhaust pipe temperatures and oil pressure failures is by an automatic engine shutdown valve and the loco is immobilised when the driver is not in the cab.

There will be another important underground mines train test by the same group later this year when they show their special rack train which can crawl up one-in-ofur drift mines.

هكذا من الأصل

Building and Civil Engineering

Know-how on irrigation

TO MEET the pressing need for specialised services and products for world development of arable land, a central irrigation consulting and commercial organisation has been set up by Dunlop at Thame in Oxfordshire.

Dunlop Irrigation Services forms an essential link in the company's interests in water management and can provide many appropriate products.

The multi-discipline group, working closely with consulting engineers, U.K. and overseas government departments, private companies and equipment engineers, will provide services ranging from initial feasibility studies to final scheme implementation. Dunlop believes its new off-shoot will have an essential part to play in solving the problems of food production for a rapidly expanding world population.

In "people handling" another Dunlop company is making its mark.

Transportation Systems Division has won a contract worth almost £1m. for the installation of Starglide passenger conveyor systems at Gatwick Airport. The contract forms part of the British Airports Authority extension to the terminal.

The 1.4 m. wide Gatwick installations are in the quarter mile-long central pier, part of the £70m. development scheme which will expand the capacity to 16m. passengers a year. They are wider than previous installations to allow passengers with luggage trolleys to pass one another.

Starglide belt is built to have lateral rigidity and longitudinal flexibility. It is built up of a centre core of rubber-textile construction similar to normal conveyors but sandwiched between two outer layers of transverse steel cords.

Orders could rise to £60m.

C AND R Constructions, timber building manufacturer, has begun production of a completely new type of factory-made house, specially designed for the Arab oil producing countries.

The first unit to be constructed is being delivered by road transport to Saudi Arabia as part of a potential £60m. order for 6,000 houses over the next three years.

The houses have been designed to accommodate families working in the oil-field areas and comprise two self-contained apartments on two storeys.

Apartments are fully air-conditioned and supplied complete with all electrics, plumbing, fitted wardrobes, kitchen units and sanitary ware.

C and R has already completed plans for extensive factory and work-force expansion to cope with the volume of houses required. The Saudi Arabian order itself would provide for another 700 operatives in the Bradford area.

Housing work by Derek Crouch

FIVE SCHOOLS are among contracts worth over £5m. announced by Derek Crouch Construction Company. The new contracts mean that in the past year Derek Crouch has secured school buildings projects worth over £7.8m.

Latest contracts involve: Greenhills Secondary School, East Kilbride; Chellaston Comprehensive School, Derbyshire; Chapel-en-leFrith School, Derbyshire; Allerton Bywater School, Leeds; and Elmfied School, Newton Aycliffe. Last year Derek Crouch began work on schools at Cambuslang, Wishaw and Lerwick in the Shetlands.

Other new contracts won by Derek Crouch include: 80 bungalows for Wakefield Metropolitan District Council at South Kirby; an extension to the computer building, University of York; flats at Willington, Derbyshire, for the Anchor Housing Association; a Health Centre at Houghton Le Spring for Sunderland Area Health Authority and a Health Centre at Bishop Auckland.

Greenhills School is the biggest job. Work has begun on the £2.1m. contract and it will be completed within two years.

Control of a £300m. platform

SOME £1m. worth of British equipment will enable Burmah Oil remotely to control the descent of its giant 700 feet high oil production platform, the £300m. "Thistle A" structure, to touch down on the sea bed near the Shetland Isles later this year. It is to be used in the crucial "up ending" of the massive steel structure from the horizontal tow-out mode to the vertical deployment mode and also monitor the state of the structure during its 15-day journey from a Teesside construction yard.

The complex "platform deployment control package" is being supplied by the British group of companies SEATEK. The contract was secured for SEATEK by member company EMI Electronics, whose range and marine systems group has overall project management responsibility.

Now nearing completion, this package incorporates pneumatic, hydraulic and electronic control systems and consoles, equipment racks and other facilities housed in purpose-built steel modules. These will be located on the platform and on the command support vessel, with additional associated monitoring equipment on the command tow-out vessel.

The prime element in the deployment system — a 120-ton, 80 foot long cabin (the Tower Placement Control Module) which will be attached near the top of the platform, has just been shipped by sea from the Blackwall, East London, construction yard of SEATEK company R. and H. Green and Silley Weir to Laing's Graythorpe yard on Teesside. It contains all the flooding control and data acquisition equipment which will control 150 functions on the structure.

Willmott in factory building

JOHN WILLMOTT Construction of Shefford, Bedfordshire is charged by the Milton Keynes Development Corporation with the construction of two factory units, each with a floor area of 3,698^{2}m. and a workshop bock with a floor area of 1,428^{2}m. together with external works and loads.

Value of the job is just under £800,000 and it will take 48 weeks to complete.

Herefordshire County Council have awarded another group company a contract to build two identical nursery units. One at Oughtonhead Junior mixed and Infant School, the other at Hitchin Strathmore Infants School. Value of the two is put at £59,000.

£4½m. goes to Wimpey

IN THREE major contracts, Wimpey has taken around £4½m. of business, the largest job being one for £1.9m. involving a further extension to the British Leyland plant at Bathgate, eWst Lothian.

With a completion date for the end of 1977, the contract involves a trim shop and an amenity annexe. The contract brings the total for Leyland at Bathgate under the Wimpey wing to over £7m.

For Ashfield District Council, Nottingham, Wimpey is to build 172 houses worth £1¼m. With these go 95 garage sites and parking spaces.

The construction is in Wimpey No-Fines and completion is for October 1977.

The Edinburgh office of the group has taken over £1m. of work for 90 No-Fine houses at Livingston, over and above the huge 321 house contract also for the Livingston Development Corporation.

Big comfort contract

WITHIN the Greater London area, there are an estimated 84,000 tenants living in 1930-built three-, four- and five-storey blocks of flats on GLC estates. Most of these, ranging from one to three bedrooms in size, still retain their original bathroom and kitchen, have an old gas heater for domestic hot water requirements, and no form of central heating.

As part of a continuing programme, the Council is initiating a massive modernisation project on selected estates within the area. Every tenant is being offered the chance of having property modernised, and the GLC policy is to carry out the conversion for every tenant who wishes—current figures indicated that over 50 per cent. of tenants are accepting the offer.

One of the most important considerations that the GLC had to take into account was the choice of boiler for the domestic hot water and central heating systems: the structure of the buildings completely negated any type of heating unit with a standard flue, so that a side-flue outlet boiler with fan-assisted combustion, which would operate on a minimum head of water, was vital. The GLC selected the Aga A50 wall-mounted gas boiler from Agaheat Appliances, as being the only suitable appliance which would satisfy all the installation parameters.

The contract for boilers alone is worth about £¼m. If the project is extended to all properties under consideration the contract figure would rise to around £¾m. and this does not include fires and other appliances from member companies of the Aga group.

Cubitts get work in Scotland

CONTRACTS totalling over £1.6m. for work in Glasgow and the Lothians have gone to Holland Hallen and Cubitts.

Under a £914,000 order, Cubitts is to transform Glasgow's Dennistoun Palais from a dance hall into a superstore for Fine Fare. Work involves a new entrance and annexe structure plus a three-storey reinforced concrete car park. Architects are Walter Underwood and Partners.

At Paradykes, Loanhead, in Midlothian, Cubitts is the builder of a new primary school and youth wing for the Lothian Regional Council at a cost of £449,415. Both buildings will be of single-storey steel framed construction with brick and timber cladding. External works include the provision of a playground.

Cubitts will also build a £290,000 warehouse extension to the existing bottling plant of whisky distillers Arthur Bell and Sons at East Mains Industrial Estate, Broxburn, West Lothian.

NCB awards £4m. jobs

MATTHEW Hall Ortech has been awarded three contracts totalling almost £4m. by the National Coal Board. The largest, valued at £3.2m. is for design and reconstruction of the coal preparation complex at Taff Merthyr Colliery in South Wales.

Work includes installation of a new screening section and a coal blending and rapid outloading facility.

At Dodworth colliery the company will replace an existing dual process for coal cleaning with a single stream system to increase throughput and simplify plant operation. At Dinnington colliery the company will design, supply and erect a new coal handling facility to transfer run-of-mine coal from mine shaft to coal preparation plant.

Barfords of Belton (Leyland) has begun to sell this 3½-ton-payload dumper, the "Boxer." It becomes the biggest model in the range of builders' dumpers from the Grantham, Lincs., company. Even loading on each axle and centre pivot articulation offer lowest possible ground loading for good flotation and handling characteristics, while all-wheel drive ensures cross-country performance and ease of use on difficult sites. A Perkins diesel engine provides a high power/weight ratio of 7 h.p. per ton and a top speed of 16 k.p.h. Totally enclosed disc brakes on all wheels, double-reduction axle and hydraulic power steering make the Boxer easy to handle. Three-speed gearbox with single prop-shaft give 40 per cent. gradeability in first gear and the wedge-shaped skip offers hydraulic tipping with an angle of 85 degrees.

Safety in glass advice

SPONSORED by Doulton Glass Industries—part of the Royal Doulton Group—the Safer Glazing Information Service (SGIS) is being set up in response to the growing concern expressed in the Press and by the public regarding architectural glass accidents. From the admittedly limited research available, it is estimated that more than 30,000 people annually require medical treatment following a glass accident. A small number of deaths also occur every year.

Practically all these accidents could be prevented simply by installing the right sort of glass in the first place. Current legislation in Britain is not adequate to ensure this.

On Wednesday full details of the formation and future activities of the SGIS will be given. The conference will take place at the Inn on the Park Hotel, Park Lane, London, W.1, starting at 10.15 for 10.30 a.m.

Further information from the new group at Strode House, Osnaburgh Street, London NW1 3DN. (01-388 1810.)

Bridge and dock work

POSFORD PAVRY has accepted the tender of £556,000 from Costain Civil Engineering, for the extension of the No. 1 berth at Sheerness docks, together with ancillary works, for the Medway Ports Authority.

These works will enable Sheerness docks to extend the facilities it offers to its users, providing container cranage aimed chiefly at the short sea route to Europe.

The consultancy has also awarded the contract for the replacement of the Faversham swing bridge to Redpath Dorman Long (Contracting).

Following recent inspections of the 1880 wrought iron swing bridge, a 15 ton weight limit was imposed because of the severe corrosion of some of the structural members. Schemes to carry out long-term remedial works to the bridge were examined, but it was decided that it would be more economic to replace the whole bridge deck. Temporary remedial works were carried out in January, 1976, while preparations were being made for replacing the bridge.

It is proposed to keep intact the existing lift-swing mechanism set up nearly 100 years ago, which is operated hydraulically from the adjacent pump house.

Cost of this delicate work is put at £38,000.

IN BRIEF

● Investment decisions for Lincolnshire factory complexes of more than £20m. over the next 10 years have been announced by British Manufacture and Research Co., a member of the Zurich-based Oerlikon-Buhrle Group. The £20m. will be invested in new factory buildings, machine tools and other production equipment on the company's existing sites near Grantham and Lincoln.

● Trollope and Colls, as main contractors, were responsible for building the Bishopsgate Development, London, tower block for £10.5m. The head leasehold has been sold to the Hongkong and Shanghai Banking Corporation by Berkeley Hambro Property Co. under a £32m. deal.

● A 30-bed geriatric ward is to be built at the Victoria Hospital, Welshpool, Powys, for £200,000, by Edward Jones (Contractors), Penmaenmawr, North Wales. They have also been awarded a contract by Dyfed County Council for an old people's home at Bow Street, Aberystwyth, at a cost of £230,000. The group recently completed a £1m comprehensive school at Colwyn Bay, North Wales.

● Babcock and Wilcox Construction Equipment Group will be exhibiting at Expomat, Paris, from May 14 to 23. Products shown will include three new paver finishers from Blaw Knox styled BK30, BK75 and BK80, together with established pavers from the range manufactured at the Blaw Knox Rochester, Kent, factory.

● Cementation Construction has gained a contract worth £175,000 for five in situ reinforced concrete footbridges at Lewins Mead in Bristol City Centre.

● Almex lead-clad steel has been used for cladding approximately 850 m² of mansard roofs and vertical surfaces on the upper levels of Pier House, a block of 135 luxury flats at Cheyne Walk, Chelsea.

The system adopted worked like a large-scale Meccano. Standard panels, each made to measure and numbered for identification, were rapidly fixed to pre-positioned angle section bearers or sheeting rails. The builders, Wates, thus succeeded in meeting the requirements of local authority and environmental groups for lead treatment to these levels, but at a fraction of the cost or weight of more traditional lead materials.

Because the panel is semi-rigid, it does not require continuous timber backing which would no longer be acceptable on grounds of fire risk. Supply and fixing of the cladding was carried out by Kelsey Roofing Industries, Hemel Hempstead, who worked closely with the producers and fabricators of the material, Associated Lead Manufacturers, Chester.

Description	Price	Telephone
1974 Ten Stand roll forming line by Hunter-Douglas. Virtually unused. Capacity 200 mm x 2mm M.S. strip complete with automatic cut-to-length equipment.	P.O.A.	021-556 0904 Telex 336414
2 Stand Rolling Mill for flattening wire and rolling narrow strip. Complete with edging rolls and recoiler.	P.O.A.	021-556 0904 Telex 336414
Reconditioned Modern Used Rolling Mills, wire, rod and tube drawing plant—roll forming machines—slitting—flattening and cut-to-length lines—cold saws—presses—guillotines, etc.	P.O.A.	021-556 0904 Telex 336414
Rolling Mills 1) 12" x 12" 125 HP Farmer Norton two high. 2) 24" x 36" x 300 HP Robertson two high. 3) 6" x 12" x 14" x 180 HP Stanart Mann four high.	P.O.A.	021-556 0904 Telex 336414
1970 Herdieckerhoff 100 KW double vacuum annealing plant —useful charge area 625 mm dia x 2000 mm loading height—output 6000 lb per 24 hours.	P.O.A.	021-556 0904 Telex 336414
1971 Automated 25ft Drawbench with pushpointer by Wellman—effective pull 10 tons at 100 f p m and 20 tons at 50 f p m. Virtually unused.	P.O.A.	021-556 0904 Telex 336414
1974 Fully Automated Cold Saw with batch control for cutting non-ferrous bar. Max. capacity 5" round and square.	P.O.A.	021-556 0904 Telex 336414
1971 Fully Automatic High Precision Circular Saw with batch control. Max. capacity 60 mm bar-70 mm profiles and tube.	P.O.A.	021-556 0904 Telex 336414
1972 Double Twist High Speed Finewire Bunching Machines by Cortinovis.	P.O.A.	021-556 0904 Telex 336414
Caterpillar 14E Motor Grader, complete with new tyres.	£25,500	094-34 4531 Telex 51187
Caterpillar 966C Wheel Loader, with 3½ cu. yd. bucket and new tyres.	£25,500	094-34 4531 Telex 51187
Cat D9G 66A 12267, March 1973. 5600 hours. New track groups fitted 9's blade and tilt cylinder. Single shank Kelley ripper.	P.O.A.	0902-31227 Telex Stokey 338490
BROYT X4 62 Hydraulic face shovel. 3½ cu yd. rock bucket. Cat D333 TC Engine.	P.O.A.	0902-31227 Telex Stokey 338490
Martin Dimension Saw One of the best makes available fitted with Scribing Saw (11,000 rpm) 6 HP 3 Speed Arbor (2800, 4000, 5500 rpm) 45° Tilting Arbor and Scribing Blade 110" table travel. Good condition but surplus to requirements.	P.O.A.	Walsall 24142
Burkle Curtain coater Two 57" wide heads 48" long in and out feed belts. Infinitely variable speed feed. Good condition but surplus to requirements.	P.O.A.	Walsall 24142
WANTED		
Second-hand packaging machine (automatic or semi-automatic) to pack cereals and powders in 5-oz to 5-lb. poly bags.		01-597 0612 Telex 897259

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MONDAY, MAY 10, 1976

Business and the Tories

Since the days of the miners' strike and the three-day week the Conservative Party has had to live with the accusation, however unfair, that it will never be able to avoid a confrontation with the unions. If, as has recently been suggested, it is now beginning to lose the support of the business community, Sir Harold Wilson's claim to have established Labour as the party of government will be well and truly fulfilled. The Tories are certainly not in so desperate a plight as that, but it is true, as Sir Keith Joseph admitted last week, that there has been a loosening of ties over recent years between the Conservative Party and the leaders of industry and, to a lesser extent, finance. Whether this is due to a failure on the part of the politicians or to a tendency for businessmen to get sucked into the governmental apparatus erected largely by the Labour Party, is a matter for debate.

Philosophy

Despite its importance as a source of finance, the business community has never had a close affinity with the Tory Party in the sense that the unions are an integral part of the Labour movement. The Conservatives have not thought it necessary to develop a coherent economic philosophy which would appeal to businessmen. As Sir Keith remarked, "for the past 30 years we have been living in an economic, social and political climate shaped largely and increasingly by the Labour Party and its ideas." Many of these ideas have been accepted by the Tories. In the meantime businessmen, whatever their private views about the virtues of unfettered capitalism, have found it necessary and at times profitable to fall in line with the general trend towards greater government involvement in their affairs.

The increasing dependence of businessmen on government has been facilitated, Sir Keith Joseph believes, by the decline of the owner-entrepreneur and his replacement by the professional manager. In view of the continuing complaints about the lack of rapport between businessmen and civil servants this seems questionable, but it is true that chairmen of large companies who bear any resemblance to red-blooded capitalists are the exception rather than the rule.

This ambivalence on the part of the business community is reflected in the divisions which exist within the Tory Party. There are those who believe that the Government should step out of the industrial arena and dismantle the apparatus of intervention. Others think that such an approach, though desirable in theory, will not work quickly enough to cure the immediate crisis facing the country and that a crash programme in which Government and industry are intimately allied is essential. Until these contradictions are resolved—and clearer policies should presumably emerge from the policy groups which are now at work—the Tory position on many current issues will look unconvincing.

As for businessmen, many of them have woken up to the fact that the drift towards collectivism is beginning to impose intolerable burdens on companies and on the people who manage them, and that the anti-business, anti-enterprise climate of opinion which has made the drift possible must be vigorously countered.

Conditions

Reshaping the climate of opinion is a task on which there should be a community of interest between business and the Tory Party. The difference between them is that business must explain the economic conditions which determine the success of the mixed economy. The Tories for their part must first decide what mix they want and then convince the voter that in Government they can make it work.

Yet more ambiguity in Portugal

EVER SINCE the revolution of April 25, 1974, the Portuguese have manifested a peculiar genius for ambiguity in their political arrangements. This is not simply a question of disorder in practical policies, but rather a profound ambivalence about the kind of constitutional system they wanted to put in the place of the Salazarist regime. During the first two years of the revolution, this ambiguity was expressed in the political dissociation between the Supreme Revolutionary Council (in its various manifestations) and the successive Governments, all of which were based on the premise that some at least of the major political parties were the authentic repositories of civilian legitimacy, even though none of them had played any part in planning or implementing the revolution. The consequence of this ambiguity, which was further complicated by quasi-democratic pressures from within the Armed Forces Movement, was a perpetual crisis of authority.

No alternative

The new constitution, which is half way to being implemented, seems designed to prolong this ambiguity. On the one hand, the constituent assembly has given Portugal a presidential-parliamentary system which is not fundamentally dissimilar from those used in a number of other European countries. On the other, the military retain ultimate authority through the Revolutionary Council with powers which, though ill-defined, are clearly designed to be, in the last resort, overriding. In other words, the military have still not made up their minds whether they want Portugal to have a civilian or a military government.

In theory, the electorate could have made up their minds for them, by voting overwhelmingly in last month's general elections for a single party, so as to give it more than half the seats in the legislative assembly. Such an outcome was never on the cards, however, and the result was a fairly classic distribution of votes, with the extreme Left and extreme Right parties winning significantly fewer seats than the two big parties to the Left and Right of the Centre. Since the Socialists, who came out on top, are unwilling to join forces with either the Communists on their left or the Popular Democrats on their right, it would appear that there is no alternative to a minority government.

Next month's presidential elections will decide whether the ambiguity of the constitution is tilted in favour of the military, or whether on the contrary the position of the assembly will be reinforced. If Mario Soares, the leader of the Socialist Party, were to run, it is quite possible, though not certain, that he would be elected against any opposition. All the indications are, however, that General Ramalho Eanes, the ostensibly apolitical strong man who came to the fore after last November's abortive Left-wing coup attempt, is under pressure from many sides to stand for the presidency, and that most if not all of his potential civilian rivals may agree to stand down in his favour.

The belief

The constitution makes it fairly difficult for the Assembly to vote a government out of office, and in view of the policy differences between the other parties it is possible that the Socialists might be able to survive in office for a considerable time. It is difficult, however, to see a minority government being able to implement the difficult decisions which Portugal's economic situation requires.

Mario Soares evidently envisages a government in which his Socialists would be supplemented by representatives from the military, no doubt in the belief that he could use the military to make up for his weakness in the Assembly. That was the calculation made by Alvaro Cunhal and the Communist Party in 1974 and 1975, and it did not work. Unless Soares is remarkably successful in dealing with Portugal's problems, he could become the prisoner of a military president whose primary loyalty would be to the Revolutionary Council.

Last week saw a heightening of the cod war. **Malcolm Rutherford** points out the dangers to Britain

Is the Government losing a war and an industry?

WHEN THE British frigates were first sent to the disputed fishing waters off Iceland last November, the objective, according to the Foreign Office, was quite clear. It was to show the Icelanders that Britain would provide sufficient naval protection to allow its trawlermen to catch at least as much fish as would have been permitted under an Anglo-Icelandic agreement. The Icelanders would recognise realities and return to the negotiating table.

The British demand then was for an annual catch of 110,000 tonnes, against 130,000 tonnes in the agreement which had just expired and against an earlier British demand that the previous agreement should be simply renewed. The most that the Icelanders had been prepared, even tentatively, to offer was little more than 65,000 tonnes.

Aggressive tactics

Last week the British catch fell to virtually nil as the trawlermen complained that the Navy was no longer providing adequate protection because of the more aggressive tactics of the Icelandic patrol boats. The fishing industry threatened to pull out altogether unless full protection were restored. There was a period of nearly 48 hours while the British Government struggled to make up its mind.

In the end, it was decided to despatch two more frigates, taking the total number to six, and one more civilian protection vessel. There was also a decision that the Navy should signal that it was once again actively back in the protection business. That was one of the reasons for the exchanges between Icelandic gunboats and Royal Navy frigates on Thursday night and Friday morning—the least restrained in the cod war so far. The other was the Icelandic reaction to the British decision to send reinforcements.

As the two extra frigates arrive in the disputed waters to-day, it must be assumed that the original objective is still much the same: to persuade the Icelanders to resume negotiations, though perhaps with the rider that if this objective fails, British naval protection will have to be continued at least until the 200 miles fishing limits, which the Icelanders have unilaterally proclaimed, become internationally recognised. According to the British Government, which takes a distinctly literal view of these things, that could be almost another two years.

Before going on to the evident confusion between British Ministries about what they are trying to achieve, it is necessary to make two extenuating points. The first is that the Icelanders are, by any standards, very difficult to deal with: even the 65,000 tonnes figure, which the British should have seized as a basis for negotiations, was subsequently withdrawn on the grounds that there was internal opposition to it. The second is the conservatism of the British consumer. The Icelanders offered a deal in red fish, which the Germans adore and have an agreement to fish within the 200-mile limits, but it was assumed, probably rightly, that the British consumers would not touch it. There is also a fish called blue whiting which, according to the industry, is an acceptable cod substitute and is found in abundance off the west coast of Scotland. If the British could be brought to eat it, the whole cod war would become unnecessary.

Those are the special factors. Yet even if one made the fullest allowance for them, it was clear, or should have been, from the start that before embarking on a cod war, the possible consequences should have been considered. It should also have been clear, though apparently it was not, that the British fishing industry was on the verge of new opportunities, provided they were properly exploited.

There have been three Ministries principally involved: the Foreign and Commonwealth Office (FCO), the Ministry of Agriculture, Fisheries and Food (MAFF) and the Ministry of Defence (MOD). Additionally, there was a Scottish dimension because over 40 per cent. of British fishermen are in Scotland. That meant that the Scottish Office frequently joined in the consultations between Ministries.

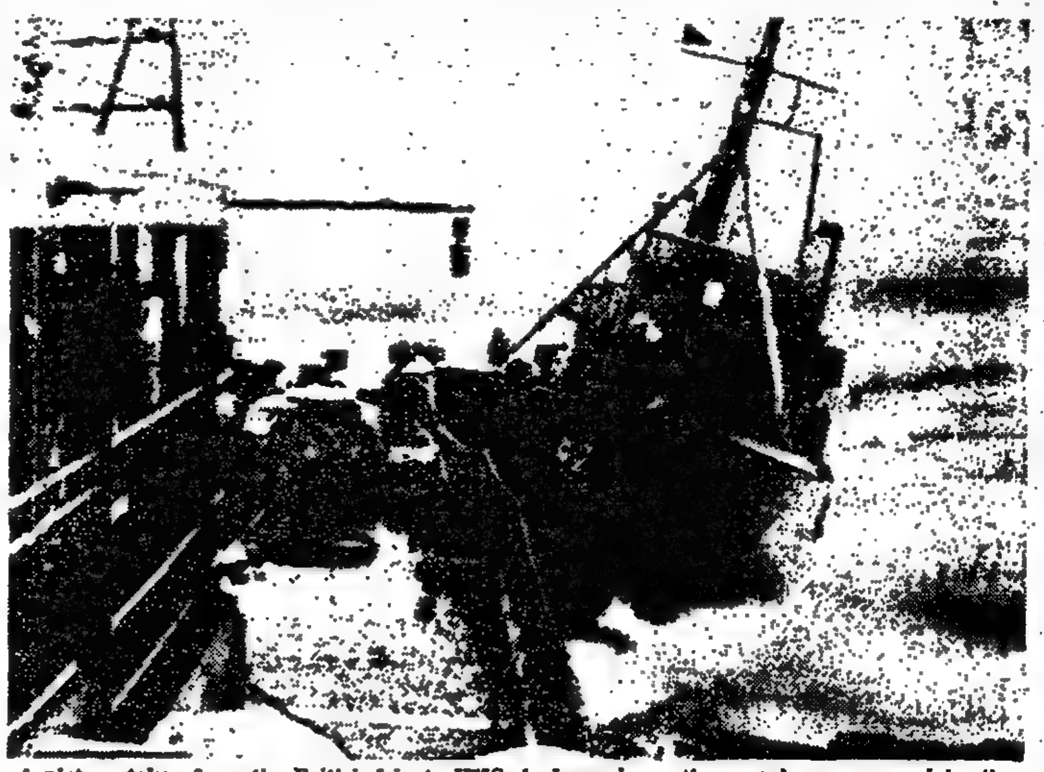
It was natural, initially at least, that each Ministry should have had a somewhat different outlook. The MAFF, for example, might have expected to care most about continuing British supplies and jobs for the fishing industry. The FCO might have been expected to see the matter in the context of international law, which Iceland was flouting, of the European Community's Common Fisheries Policy (CFP), which is being renegotiated, of the United Nations Conference on the Law of the Sea, which has long been discussing a general move towards 200 mile limits, and, not least, in the context of relations with NATO allies, of which Iceland is one.

The MOD, which came in later, might have been expected to point out the difficulties involved in using Royal Navy frigates, which were designed for something quite different, to play the equivalent of dodgem cars with Icelandic patrol boats. It might also have pointed out that Iceland, however troublesome it is about cod, is the seat of an extremely important U.S. base whose function is to monitor Soviet activities emanating from the Kola Peninsula, which in turn houses perhaps the biggest single concentration of Soviet military power—a point that, one would have thought, would not have been lost on the FCO. Although the present Icelandic Coalition is officially pro-NATO, the threat to the U.S. base is its best card.

Actually, the MOD did point these things out and it did so quite forcibly in the past two weeks, but it was overruled by the MAFF, the FCO, to judge by its lack of any statement, having withdrawn to the sidelines.

What is astonishing, however, is the absence at any stage of any attempt to put all the elements together. An initial analysis might, and could, have gone something like this. Iceland has behaved illegally, but with its exceptionally heavy dependence on fish, it is a bit of a special case, and anyway it has only jumped the gun. Besides, as Iceland says, there is a genuine problem of the conservation of fish stocks, which must be considered.

The analysis might have gone on: in the longer run the British cod catch off Iceland is going to be lost anyhow because either the success or breakdown of the Law of the Sea Conference will lead to the general establishment of 200-mile limits. At the same time, the establishment of such limits will bring great benefits to Britain because it has, compared to most countries, an unusually long coastline. There is no point in quarrelling with Iceland over a principle we shall shortly abandon. Why not project the negotiations forward to the time when we might both need to swap agreements and exchange information on stocks and conservation measures? Moreover, there is the development of the Common Fisheries Policy, from which Britain should greatly benefit. The case, in short, was for a blueprint for the future of the British fishing industry, or fish from our own resources.



A picture taken from the British frigate HMS Andromeda as the vessel was rammed by the Icelandic gunboat Thor last January.

The highly-prized cod and the two likeliest alternatives.

Such a blueprint would have been necessarily tentative, but it might have been, and could still be, based on the following possibilities. The Law of the Sea Conference grinds inexorably on, though whether to success or failure no one knows. The latest session ended in New York last Friday with an agreement to meet again in August, but about the general move to 200 mile limits there is no longer any doubt.

Even if Britain does not take full advantage of the change, it should still be among the principal beneficiaries. The CFP was negotiated long before any thought about 200 mile zones, and it has already been acknowledged by the Brussels Commission that it must be adapted to the new situation. Whichever way it goes, the change must favour the British fishing industry.

In recent years, annual British fish consumption has been running at just over 1m. tonnes, about 85 per cent. of which is supplied by U.K. vessels. About 70 per cent. of these British landings come from catches around the U.K. The problem is cod which represents easily the largest part of British consumption, but 80 per cent. of which is found in waters which will come under foreign jurisdiction under a general 200-mile regime.

According to figures from the industry, if there were an exclusive British zone of 200 miles, there could be an annual catch—even with proper conservation measures—of 3.5m. tonnes, or more than three times the recent average. That, of course, is impossible given Britain's continuing membership of the European Community. But if the British zone were 100 miles, as the industry has been demanding, the annual sustainable catch would only fall to 2.8m. tonnes. In a 50 miles zone it would still only fall to 2.5m. tonnes—more than double the present catch, and even in a 25-mile zone only to 1.9m. tonnes.

There would still be a cod problem but that could be alleviated by swap and phasing out arrangements with Iceland and Norway and also by the development and promotion of blue whiting. There would be compensations, too, in that the establishment of a Community "pond" would mean the elimination of third countries, except by special consent, in which case the Community might reasonably expect to extract something in return.

What has been troubling the industry is the reluctance of the Government to see all this as a whole. The Government's negotiating position on the development of the CFP was presented in Brussels by Mr. Roy Hattersley, Minister of State at the FCO, only last week. It was a step forward, no doubt, and Mr. Hattersley, having learned from his experience of the abortive Icelandic negotiations, took along Mr. Austen Laing of the British Trawlers' Federation almost as part of the delegation.

But the questions of preparing for the new regime are still unsettled. They include the questions of the mix in what will become Community waters between exclusive national zones and areas where there will be Community quota systems. How can the quotas and conservation measures be enforced, since they have never worked very well in the less binding agreements of the past? And how shall relations with third parties be conducted?

The MAFF's answer seems to be that it is always very difficult trying to get the Community to agree on anything. Sometimes it blames the FCO for asking what is the size of a viable British fishing industry without explaining how much water there will be to fish in. The FCO, in turn, blames the MAFF for being unable to produce the figures. "If you tell us how many acres we have to sow," said one official, "we'll tell you what it needs." The FCO has yet to take the point.

The losers, meanwhile, are the industry—which has suspended virtually all investment and on whose development there is not even the greenest of green papers—and the MOD. One has only to imagine the all too likely event of the sinking of a British frigate with 300 men on board to see that things could get worse.

MEN AND MATTERS

What about Ford's figures?

The Japanese car importers have been making a neat little point during the present round of fireworks over their success in the U.K. market. Our imports have gone down in the last quarter, they say, but whose have gone up to cause all the present trouble for the British manufacturers? None other than those of the U.K.-based multinational companies, Vauxhall, Chrysler and Ford.

Ford? We have all heard this year, of course, about Vauxhall's new Cavalier, made in Belgium from German parts, and Chrysler's Alpine, made in France. But publicity about Ford has been very muted, largely because Ford does not produce the relevant figures.

This is not an aberration. Earlier this year the Society of Motor Manufacturers and Traders altered the way in which it presented its market figures. The idea was that in future the country of origin of all vehicles should be shown. Vauxhall and Chrysler promptly popped up with the figures, but Ford's reluctance has prompted some competitors to accuse the company of dragging its feet. Given Ford's formidable reputation at what the industry likes to call "number crunching," one of the reported excuses—that it was not easy to get hold of the figures—has provoked wry amusement.

Ford's response is that the issue is close to conclusion. The company has, it says, been worried about the cost of producing the figures, and there has been a genuine difficulty about the basis of treating the so-called "topping-up" imported cars. These are "temporary" imports of like makes designed to top up orders which cannot immediately be met by domestic production lines.

This skirmish, inevitably, has deeper implications. Ford, like its two multinational stablemates, has plenty to lose by import controls. Although at the moment it is only customarily supplying Granada Ghias from Germany, the entire Granada line (20,000 sales last year) is due to be transferred to its Continental factories in July. It is also juggling with a number of important production plans, one of which is the expansion of Halewood to take the group's entire Escort line. Such delicate decisions could be swung in many different ways by import curbs, and it all makes last week's surprising outburst of Sir William Batty, retiring president of the SMMT, in favour of import controls, even odder. Sir William is a former chairman of Ford U.K.

A lot in a name

Nowhere are trade marks more jealously guarded than in the drinks industry — particularly when the name or description has geographical connotations. Thus the battle over who is entitled to use the term champagne wound its long and expensive way through the courts as did the wrangle over sherry. More recently Allied Breweries lost the right to describe Babycham as a "champagne perry," and now the latest victim is the Reckitt and Colman subsidiary, R. and C. Vintners.

Within weeks of launching a new sparkling British wine called "Cascato," R. and C. Vintners has completely redesigned the label for the product. The original label described Cascato as Spumante, and the Italian wine importers have been quick off the mark to query the legality of applying this term to a non-Italian wine.

Rather than wait for an investigation into the rights and wrongs of the description, R. and C. has decided to move straight away: with the desire to avoid any loss of goodwill in the wine trade a contributory factor. Now the bottle carries an almost aggressively British label emphasising that the product is "Sparkling British Wine," although produced by the fermentation of imported muscat grape juice.

Chinese puzzle

With the film "all the President's Men" breaking box office records there has been a temporary revival of interest in the Watergate affair, but according to a study undertaken at the City University of New York the Chinese were already at work destroying President Nixon's reputation before he did the job rather more convincingly himself.

Following the first Nixon visit to Peking a mysterious rumour was put abroad in China, and gained wide currency, apparently, since it was later related by refugees from many different parts of China. According to Professor London and his wife of the City University the story ran as follows:

The then President Nixon (although some versions opt for Dr. Kissinger) was spotted stealing a nine-dragon cup either from a museum or banqueting hall. The courtly Chinese did not want the embarrassment of an international incident over the affair, but they also wanted the return of their valuable artefact—so what to do?

The matter was referred to Chairman Mao and Premier Chou, and out of their wisdom emerged the following solution. A magician was called to give a post-prandial performance with a set of cups identical to the missing dragon cup. First he made them vanish and then started to spirit them back out of thin air. As part of this performance he magicked an extra cup out of the distinguished visitor's pocket thus saving the cup for the Chinese and face all round! Alas the story does not tell us whether the cup was subsequently found to be bugged.

Eager to help

An out of the mouths of babes and sucklings note: a friend was taking advantage of the good weather to repair and creosote his fence and, by his own admission, making none too good a job of it. Even so he was less than flattered when his wife told him that their young son had rushed into the house and asked, "Mummy. Can I have a brush to help daddy crucify the fence?"

Observer

FINANCIAL TIMES SURVEY

Monday May 10 1976

United Arab Emirates

The UAE, under the suzerainty of Abu Dhabi, is making rapid economic progress. Its great wealth enables it to afford for the time being the luxury of political disunity.

Seeking a formula for unity

By James Buxton

THE SHORTCOMINGS of the United Arab Emirates look an easy target for the superficial critic. This extraordinary grouping of sheikhdoms, under the political leadership of Sheikh Zaid bin Sultan al Nahayyan of Abu Dhabi, lacks so much that one would normally expect of a federation as barely to justify the name. But on a closer look the strengths of the Federation appear more surprising and thus more creditable than its weaknesses.

In the fifth year of its existence the UAE enjoys a well-deserved reputation abroad for generosity, as a result of Abu Dhabi's open-handed aid giving, which is the most striking aspect of its foreign policy. Last week's decision to merge the defence forces has given its prestige a boost. At home the existence of the UAE has immeasurably raised the standard of living of a people who until recently were among the region's poorest, living in one of the most desolate parts of the world. The economic strength of Abu Dhabi has tripped off an economic boom in the Emirates which, despite its negative aspects such as inflation, is nevertheless laying the foundations of an economy which might one day survive happily if oil revenue played a much smaller part.

Nor is the Federation based solely on Abu Dhabi's financial strength. An almost equally important lynchpin is the relationship between Sheikh Zaid and Sheikh Rashid bin Sa'id al Maktum of Dubai, whose riches, based soundly on commerce but with powerful assistance from the growing oil industry, make Dubai's participation in the Federation vital to its existence.

Cohesive

If these two are cohesive factors, there are plenty of divisive ones. At the root of the Federation's problems is the conflict between two totally different political institutions: the rule of the sheikhs and the development of the Federal Government. The sheikhs, autocratic but nevertheless in close touch with the feelings of their subjects, not only have a long history of rivalry, it is also necessary for each ruler to establish a *raison d'etre* and safeguard the future of his dynasty. Not only do the bigger and better-heeled Emirates—Abu Dhabi, Dubai, Sharjah and Ras Al Khaimah—indulge in economic competition which is not in the best interests of the Federation: even the three poorest Emirates, Ajman, Fujeirah and Umm al Qaiwain are vying with each other. The fact that Dubai is more than doubling the capacity of its port has not prevented its six fellow emirates from deciding to enlarge or create their own port facilities, and the paramountcy of Dubai's international airport in the northern emirates has stimulated the construction of two more, in Sharjah (only a few minutes' drive away) and Ras Al Khaimah (open but served by only one flight a week).

At the other end of the scale is the Federal Government, whose Supreme Council is composed of seven Rulers, but which in practical terms really consists of Sheikh Zaid, for whom the federation is to a large extent a means of expanding Abu Dhabi's influence in the region, and of the union bureaucracy. It is a large structure employing well over 10,000 and perhaps as many as 20,000 people, almost all of them Arabs from outside the federation. The leadership of the bureaucracy has very much its own ideas on the kind of political entity it would like to see: a centralised government with close Federal control of economic planning and defence, and a limited role for the rulers—a pattern which would, incidentally, offer fine opportunities for the federal bureaucrats themselves.

The kind of federation which is likely to develop lies a long way short of this ideal. In the next few weeks the seven rulers should be meeting to consider a new constitution which has been drawn up with consultation throughout the states to replace the provisional arrangement which came into force after independence. The new constitution, which has yet to be published, gives more power to the Federal Government and in particular enshrines its control over the defence forces as well as other things such as immigration, customs, health, education, economic planning, water and electricity. There is a good chance that the rulers will pass it, albeit subject to some conditions, and officially it should come into force on Independence Day, December 2. But what happens in practice is likely to be another matter.

Autonomy

Any number of formulae can be devised by which the Federal Government appears to take control, while in practice the *individual rulers retain* at least for the time being a good deal of autonomy. The defence forces issue, widely regarded as the most crucial of all to the credibility of the federation, is a good example. The Union Defence Force, the former British-officered Trucial Oman Scouts, has about 3,000 men but is dwarfed both in numbers and quality of equipment by the Abu Dhabi Defence Force, running to at least 23,000 men and stationed in different parts of the UAE. There is also the Dubai Defence Force, numbering at least 2,000 and, on a smaller scale, the Ras Al Khaimah Mobile Force, with about 900 men.

Last week, after about a year of discussions, the Supreme Federal Defence Council agreed that the forces should be merged by the end of this year. The supreme commander is to be Sheikh Zaid, with Sheikh Rashid deputising in his absence. The deputy commander is to be Sheikh Zaid's son Sheikh Khalifa, while the Minister of Defence will continue to be Sheikh Mohammed, son of Sheikh Rashid. The Jordanian Major General Awad el Khalidi will be chief of staff and effectively in charge. Although the forces will come under one command it is likely *that* each ruler will still have some say over his forces and the differences of equipment and manning—by a wide variety of expatriates—will make real unification a difficult process. But now *that an agreement has* been reached more meaningful working arrangements can be made on other things such as civil aviation and economic planning.

Such a blurred outcome to the issue of the Union's constitution will disappoint the federalists, who include many of the leading ministers in Abu Dhabi and *most of the advisers to Sheikh* Zaid. But it is probably the Federation's best way forward. The showdown widely predicted in the capital between Abu Dhabi and Dubai is inconceivable and both rulers realise it. Any attempt to force through rapid federalisation would simply be seen as an attempt at domination by Sheikh Zaid and would *stir up violent feelings*, if not secession by one or more emirates. At the same time the degree even of paper commitment to the UAE which the different rulers have given in different forms is astonishing when measured against the political pressures in the ruling establishments of their emirates to be independent. There is little doubt that most rulers want the UAE to succeed, but at their pace and in their way.

In other parts of the world two of the pressures obliging disparate political units to federate are economic necessity and outside threats. The economic reality of the UAE is that closer integration would be highly desirable but is nevertheless not essential for survival: in other words the duplication, competition and lack of planning that characterise the UAE's economic development are luxuries which it can afford for the moment, and it may be several years before the economic crunch comes.

Return

The Federation would almost certainly not exist if it were not for Abu Dhabi's wealth, and to preserve it Sheikh Zaid has to spend money even when he is not getting a suitable return in terms of commitment to the Union. But finance can be a good weapon: when Sharjah last November found itself overcommitted on development supposedly to be financed from its oil income it turned to the Federal Government: in return for Federal support, it disbanded its militia, handed over its police and courts to the Federal Government, and hauled down its flag. It reputedly saved itself Dh.50m. a year and obtained *Dh.90m., with more promised*, from Abu Dhabi.

The equally ambitious Ras Al Khaimah has so far avoided coming far under the federal wing by showing more financial prudence and by obtaining extra finance from outside the UAE, in particular from Saudi Arabia and Kuwait. The three poorer Emirates are obliged to show a greater commitment to the Federation, but even they can afford some luxuries. Dubai, on the other hand, is run on strictly free enterprise lines, has a big surplus and could pay in cash for all the development projects at present under construction. Last year it is believed to have contributed Dh.350m. to the federal budget but claimed the same amount back in compensation for providing *services which are run* elsewhere by the federation. Sheikh Rashid is most reluctant to hand over the centrally provided services which he believes he is already running better than the Federal civil service.

But despite their reluctance to commit themselves wholeheartedly to the Federation, there is still good reason for both Dubai and Ras Al Khaimah remaining in it. Sheikh Saqr bin Mohammed al Qassimi of Ras al Khaimah has at *times made himself unpopular* with his subjects by not accepting development financed by the Federation and has been obliged to change his mind on this. Nevertheless, having joined the Federation three months after the others (holding out in the hope of a substantial oil discovery), he might still be tempted to secede if present oil exploration proved *sufficiently* successful. But that would hardly lead to the break-up of the federation.

For Dubai the Federation, apart from making valuable contributions to education and health services, is an advantage in relieving it of the need to deal with foreign affairs and in preserving stable conditions in which it can develop its commerce to the full.

If economic necessity is not yet pressing the UAE into a tighter union then nor are outside pressures. One of the UAE's greatest achievements has been to stabilise its relations with its two big neighbours, Saudi Arabia and Iran. The former initially refused to recognise the UAE because of its resentment over the Buraimi Oasis dispute as far back as 1955. The row was finally settled in 1974 with the agreement on a new border between the UAE, Qatar and Saudi Arabia, and relations have improved steadily, although the *new border line* has yet to be finally delineated and the agree-

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BASIC STATISTICS

Area	32,300 sq. miles
Population	653,000
Imports 1974	Dh.7bn.
Imports 1975 (to end of June)	Dh.5.1bn.
Trade with U.K., 1975:	
Imports	£199m.
Exports	£139m.
Currency: UAE dirham £1 =	Dh.7.26

UNITED ARAB EMIRATES II

The introduction of tax-free offshore banking into the UAE has now been agreed, though it is too early to say how the banks, particularly those established in Bahrain, will take advantage of this. Solid progress is being made towards monetary union in the Gulf states.

Banking

THE LONG awaited decision by the UAE Currency Board to allow offshore banking was finally taken last month, and the Board has given the go ahead for Overseas Banking Units (OBU) to operate tax free. However, it was decided to limit the number of new offshore banking units to about 12, so as not to jeopardise Bahrain's success in this field. Bahrain, which allowed OBU's last year, now has 32 banks licensed, six of which are operating. Gulf unity undoubtedly influenced the Currency Board's thinking on this.

Nevertheless, many observers in the UAE feel that many of the offshore banking units currently licensed in Bahrain would like to start similar operations in the UAE, and at the time of the decision, 20 such applications were pending. However, the Currency Board has made no restriction on commercial banks currently operating within the country with a full banking licence beginning offshore dealings. The new banks which have so far been invited to establish OBU's include the Bank of Tokyo, Bank of Nova Scotia, and American Express.

Premature

It is early days yet, the decision having been taken only three weeks ago, and it is premature to say how many of the 50 banks currently provided with a full banking licence will decide to start offshore units within their present establishments. However, the fact that the Board has decided to allow this kind of restricted banking to operate tax free and without a licence fee, is an undoubted advantage over Bahrain, which charges an annual licensing fee of $25,000. Bahrain is believed to have the backing of Saudi Arabia in its offshore units, but Abu Dhabi has a considerable amount of money of its own, with its Government surpluses and numerous long-term loan institutions such as the Abu Dhabi Fund for Arab Economic Development. Abu Dhabi also has strong links with investment funds and organisations in Kuwait. Banks are already commenting that Abu Dhabi has a more solid base and a more solid economy for offshore banking than has Bahrain.

Theoretically, commercial banks with full licences in the UAE could already conduct offshore business though, apart from in Sharjah, any profits would have been taxed at the normal rate of 20 per cent. Thirty-two banks have already been opened in Sharjah, with three more to come in the immediate future. However, some banks feel that offshore operations could be better conducted from Abu Dhabi, where the Government funds and institutions are actually located, as well as being the headquarters of the Currency Board. Others think that there is no difficulty in transferring Abu Dhabi money to Dubai, and operations could be established just as efficiently as in the capital. At the moment, the UAE's only money broker, Emirates Brokers, is in Abu Dhabi — a partnership of local interests and James Capel and R. P. Martin of London. Four more money brokers are seeking entry into the UAE at the moment.

The next few months will show whether the banks currently licensed in Bahrain will decide to shift to the UAE. "It's the 64,000 dollar question," said one Dubai banker, "but on the surface of it, the UAE should prove more attractive to my head office than Bahrain is, where we already have a licence. Communications will have to improve though." As things begin developing, there is likely to be strain on the banking sector as staff expertise is lured from one bank to another, and expensive executives have to be imported. Bahrain OBUs are believed to have to pay foreign exchange dealers $40,000 a year. This may prove costly to the newer locally incorporated banks which have sprung up here. It seems unlikely at the moment that the local banks will go into offshore loan dealings, preferring to leave it to the more experienced international banks which have superior connections in the world money markets and a stronger base.

Other important decisions taken at the Currency Board's latest meeting included the re-imposition for another two years of the moratorium on both foreign and local banks establishing in the UAE. The ban was temporarily lifted (it was imposed in 1975) to allow Lloyds Bank to open. Lloyds had apparently been waiting over two years to set up in the UAE, and has apparently helped on loans being raised outside in London in the past, for Dubai in particular. An additional restriction on foreign banks is that they are not allowed to open extra branches in emirates where they are already represented. However, the Currency Board has allowed four Arab banks to set up, namely the National banks of Qatar, Bahrain, Oman and Sudan. This is part of a reciprocal arrangement, for the national Bank of Abu Dhabi is opening in Bahrain and Khartoum.

Progress towards monetary union between the UAE, Kuwait, Bahrain and Qatar is being made, and the matter has now got as far advanced as note design. The initiative came originally from Gulf political leaders, and now the whole matter has been passed back to them to decide on. A target date has been set for January 1, 1978. The external foreign currency link has been kept a secret to prevent any profiteering, but officials say it will be linked to the SDR.

The most interesting aspect of this project is the possibility that Saudi Arabia might join the common currency union at some future date. Even without Saudi Arabia, the currency will be extensively used in international money markets, just as the Kuwaiti dinar is already being used in loan dealings. However, if the Kingdom decided to join in also, it would certainly rank with any European currency, and officials believe it would have a larger market than the Swiss franc, for example. Saudi Arabia's attitude will become clearer at the next meeting of the four central banks which is due to take place in June in Doha. On the recent visit of King Khalid to the UAE, representatives from the Saudi Arabian Monetary Authority who accompanied the king, were briefed again on the progress of the union.

It is hoped that financial union between the Gulf states will considerably speed up other unity projects such as the proposed Gulf Common Market. The most urgent need is for a co-ordinated industrial policy between the countries, leading to economic union, but the whole idea would be greatly helped if there were financial unity already.

However, in the immediate future, the UAE is looking to diversify its banking scene with the addition of investment houses, more money brokers, and more merchant banks. There is no lack of interest for about 30 have applications pending at the Currency Board. To help the banking scene acquire the desired greater sophistication, there is an urgent need for commercial bankruptcy laws, a companies act and a credit checking institution. Sharjah is already formulating auditing laws for its stock exchange, which it hopes to open in due course.

Ventures

On the retail side, locally incorporated banks were springing up before the moratorium at the rate of one a month. These new local ventures bring the total number of licensed banks in the UAE to 50. These 50 banks have been given permission to open a total of 363 branches, of which 217 are presently operating. The Currency Board imposed the moratorium on new banks because of the fear that the UAE was seriously overbanked for a population of only 655,000, and because of the reckless competition it was leading to. In an economy which is racing ahead, a number of banks have been obliged to take on business rejected by the more established, often foreign, banks. The booming economy has led to a certain extent to overborrowing, particularly in the Dubai sector where great profits are quickly made over commodity imports. Some ba[illegible] kers find themselves having [illegible] advise their clients not to [illegible] so fast, to take stock for a w[illegible] before plunging into the ne[illegible] venture that catches their eye.

In view of the characteristi[illegible] of the banking scene, the Cu[illegible] rency Board recently decided [illegible] oblige banks to lodge a mi[illegible] mum cash reserve ratio of 5 p[illegible] cent of dirham deposits and [illegible] per cent. of foreign curren[illegible] deposits. The ruling has appa[illegible] ently been accepted amicab[illegible] by the Banking Association.

Increasing

Deposits are steadily increa[illegible] ing, and during the peri[illegible] March to September last ye[illegible] rose by Dh.2.1bn. to a reco[illegible] Dh.11.2bn. Total bank cred[illegible] during the same period amou[illegible] ted to Dh.5.7bn. at the end [illegible] September compared wi[illegible] Dh.3.0bn. a year before. Cred[illegible] formed 45 per cent. of the tot[illegible] assets of deposit money bank[illegible] In Abu Dhabi loans for co[illegible] struction constituted the maj[illegible] part of business, while Duba[illegible] which represented 69 per cen[illegible] of the total credit, went for th[illegible] financing of trade. Bankers [illegible] Dubai are extremely relucta[illegible] to touch construction financin[illegible]

Dubai has always aspired t[illegible] become the chief banking centr[illegible] of the UAE with its tradition [illegible] commerce and its busy por[illegible] which is now being increase[illegible] by a further 22 berths. Other[illegible] attribute Dubai's success to th[illegible] ruler's policy of allowing for[illegible] eign business to establish in th[illegible] Emirate without the necessit[illegible] of having a local partne[illegible] Bankers are now waiting to se[illegible] whether the Ruler will allow of[illegible] shore banking to operate ta[illegible] free, for though the Govern[illegible] ment likes to encourage fre[illegible] enterprise and Chiekh Rashid i[illegible] a great believer in the system Dubai in the past has liked t[illegible] see some return or interest o[illegible] new business coming into th[illegible] Emirate. If Dubai decides t[illegible] tax OBU's, then the bank[illegible] option could be Sharjah.

It was in Dubai that the UAE's first stock exchange wa[illegible] opened, but other exchange[illegible] are also planned in Abu Dhab[illegible] and Sharjah. However, until th[illegible] family traditions in busines[illegible] change, dealing in stocks i[illegible] likely to be limited. It wi[illegible] grow, however, if Gulf unit[illegible] becomes a reality, allowin[illegible] other Gulf companies to b[illegible] quoted on the UAE exchange[illegible] and enabling UAE nationals t[illegible] buy into the foreign Arab com[illegible] panies.

Kathleen Bishtaw[illegible]

Unity

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ment ratified. Meanwhile a working arrangement has been reached with Iran over the disputed islands in the Gulf, and there is compromise over the nomenclature of the Gulf—both sides are normally prepared to call it simply the Gulf.

Detente in the rest of the Gulf and the Arabian peninsula has also helped the UAE's position. Iran and Iraq have mended their dispute and Iraq has tacitly dropped its slogan of wishing to export revolution, which has improved its relations with Saudi Arabia and Kuwait. Defence pacts between the major Gulf powers have, however, been rejected as impractical. In the south of the peninsula the war in Dhofar is officially over, thanks in part to a commitment to the Sultan of Oman by the UAE, and South Yemen has been received back into the fold, one of its first benefactors being the Abu Dhabi Fund. Meanwhile, the UAE has fully established itself on the Middle Eastern stage by its generous payments to the confrontation states and its commitment to the Palestinians.

In the longer term there are strong forces tending towards more integration. The external situation could change; the economic situation will almost certainly alter as the financial needs of the UAE catch up with its income—it is one thing to build massive airports and ports; but another to have to pay for their operation in bad times. A new generation is being born and growing up in the Emirates, whose ideas, formed by the education of the schools, not the desert, probably reflect a more modern pan-Arab outlook that that of the traditional rulers. The difference between one Emirate and another will begin to matter less as time goes on, while the fact that the indigenous population in each emirate is over-shadowed by immigrants may give the UAE citizens a common bond. But for the moment, with its uneventful political life and hurtling pace of economic development the UAE is in a reasonably good way.

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Coping with the huge increase in oil revenues has presented the Emirates with a variety of economic problems. The pattern of development has concentrated on creating an infrastructure before turning to productive assets. The inflation rate, however, is giving cause for concern.

The economy

DESPITE THE prodigious growth of the civil service in Abu Dhabi, whose size may now exceed that of the indigenous population of the State, it has apparently been unable to spare much time to quantify the equally prodigious growth of the UAE's economy. It is known that Abu Dhabi had an income from oil exports of about \$3.8bn. in 1975, and that Dubai earned about \$800m. from the same source, with Sharjah's net oil income certainly not exceeding \$40m. The Abu Dhabi Government now estimates that the Emirate had a GNP at current costs of about \$5.05bn. in 1975 compared with under \$2m., the previous year, but in the absence of firm data about the economies of the other six Emirates it is useless to try to arrive at a GNP figure for the whole federation.

But despite the absence of firm statistics in many fields, the economic pattern of development in the UAE is fairly clear. Abu Dhabi last year allocated about half its expenditure to the running and development of its own Emirate, and a further substantial proportion to the other Emirates.

In practice a very high proportion of the labour force is employed in construction, and the pressure on resources, combined with the continually rising cost of imports, is causing inflation which cannot be running at much less than 35 per cent. a year, and may be much higher. Housing and commercial property is at such a premium that rents are astronomic. To a worrying degree many of the services in the UAE economy are being devoted to meeting the needs of the construction workers, most of them immigrants from the subcontinent, and a serious economic hiccough would have grave implications for most sectors.

Although few reliable statistics on growth are available a very good indicator of the massive expansion which is taking place is given in the figures for the 1975 census. This showed that the population in December, 1975 was 655,937, compared with only 178,700 in 1968, and suggesting an annual growth rate of about 19 per cent. a year, almost certainly the highest in the world. The census also showed that since the previous census Abu Dhabi had overtaken Dubai in population, having 235,662 people to Dubai's 209,231. This compares with figures of 46,000 and 59,000 respectively in 1968.

The main cause of the growth of the population has been the intake of immigrants, the largest group of whom have come from the Indian subcontinent but with the more skilled coming from the Arab world, and a small proportion from Europe, mainly Britain. Although, possibly for political reasons, the full breakdown of the racial background of the population has not been released, the indigenous population is heavily outnumbered by the outsiders, perhaps making up less than 20 per cent. of the population.

Problems

Quite apart from the political problems posed by such a high proportion of non-citizens, the high population suggests that there will be a growing demand on Government expenditure to pay for the needs of everyone and that Abu Dhabi will have to devote more and more of its oil revenue to the UAE, rather than spending such a high percentage of it abroad, as at present.

In 1975 Abu Dhabi budgeted for a total expenditure of about Dh.12.9bn., of which Dh.3.27bn. was recurrent and Dh.3.5bn. development. It budgeted Dh.3.5bn. in international aid and Dh.600m. in various capital payments. It also agreed to pay Dh.2bn. to the federal budget, plus an extra Dh.380m. in services, which were transferred from Abu Dhabi departments to federal ministries. The out-turn was slightly different to this, as is discussed in the article on the Emirate, but about Dh.2bn. was paid to the federation. Although the federation budgeted for expenditure of Dh.2.8bn. (compared with Dh.815m. in 1974) it only managed to spend about Dh.2bn. and the sole net contributor to this was Abu Dhabi.

At the end of last year Sheikh Zaid initially said that he would commit half of Abu Dhabi's expenditure to the federal budget, partly as a gesture to stimulate the other Rulers into contributing. In practice, however, the other Rulers prefer to pay only lip service to the idea of a levy and, although the federal budget is going up to Dh.4bn. this year, this does not represent half of Abu Dhabi's expenditure, which, although its budget has not yet been approved, is certain to be greater than last year's. However, the budgetary contributions do not, of course, take into account the money which Sheikh Zaid disburses on a personal basis to the sheikhs to back specific projects or to reward favours.

The largest single item in last year's federal budget—in a pattern which is likely to be repeated this year—was education, being allotted Dh.475m. last year and probably Dh.600m. this year. Health was allocated Dh.267m. last year and electricity Dh.257m. The emphasis is on providing services and developing institutions, at least in those areas in which particular individual rulers—as in Dubai and Ras Al Khaimah—do not choose to provide their own services. But in the absence of consolidated budget figures for 1975 and 1976, plus a breakdown of actual spending in 1975, it is impossible to get more than a very superficial impression of federal spending patterns.

Although Abu Dhabi itself is now drawing up a three-year development plan, regrettably the same can not be said of the UAE as a whole, mainly because of the rivalries and desire for autonomy on the part of the individual rulers and because of their reluctance to trust the expatriate bureaucrats who make up the Federal Government administration. Nevertheless, the development taking place all over the UAE falls fairly easily into two categories.

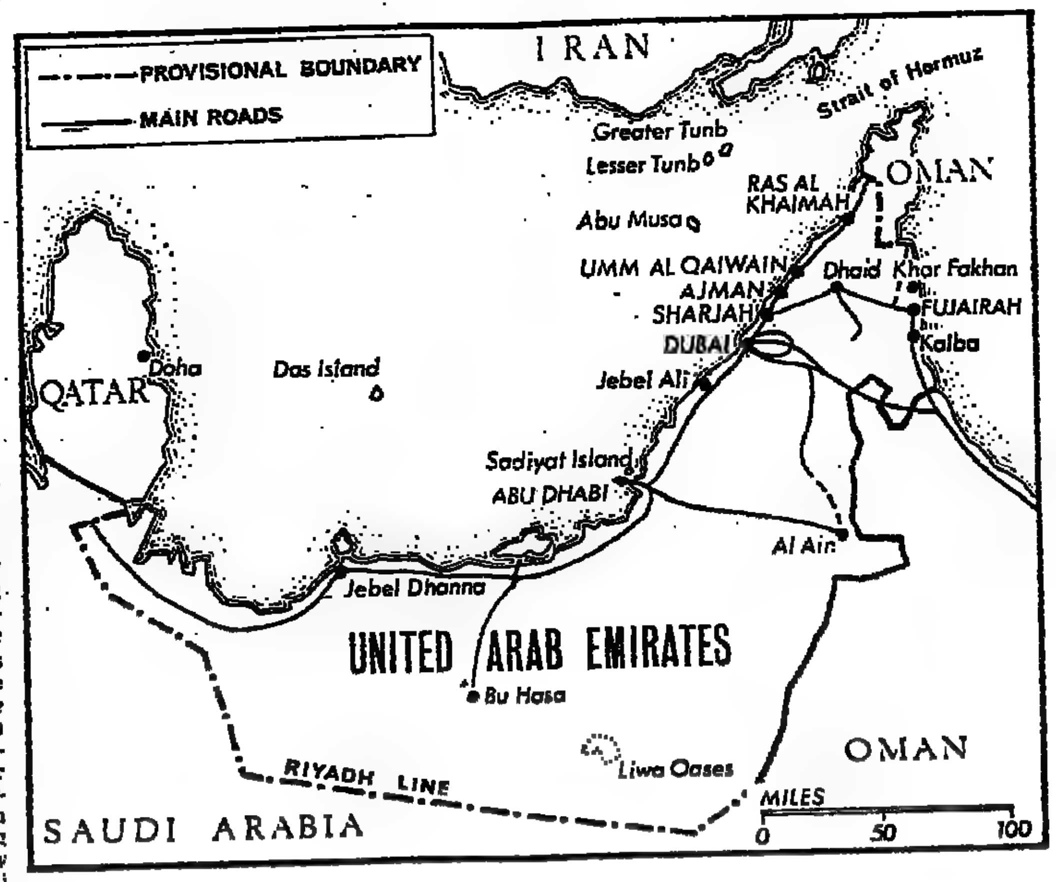
Supplies

First there is the establishment of basic communications facilities, such as roads, ports, airports, telecommunications and power supplies. A sensible road building programme, largely financed by Abu Dhabi but with contributions within their domains by other rulers, is nearing the completion of at least its first stage. The Emirate of Fujeirah on the east coast, which was formerly cut off from the rest of the federation, is now connected to it by a good road, and other roads are crossing the Hajjar Mountains to link the UAE more closely with Oman, partly with a view to inter-state freight traffic making use of the UAE's port facilities. The same goes for the road to Qatar, also nearing completion, which will produce a tarmac link between the UAE, Saudi Arabia and the Upper Gulf, and so with Europe. Already lorries are making the journey along the Gulf coast and Dubai is handling imports for Kuwait.

The centre of Dubai's trading economy, and the part closest to its Ruler's heart, is its superbly run Port Rashid. With 15 berths it is the biggest port in the Gulf (although others are being built to match it) and handles much of the import trade for other emirates, including Abu Dhabi, as well as the transhipment business of transferring imports into dhows and other coastal craft for re-export to Iran, Pakistan and the other Gulf ports, not all of it legally. Now Sheikh Rashid is having the port expanded by building a finger pier capable of containing another 22 berths, bringing the total up to 37. The breakwaters are to be enlarged to leave room for a second finger pier to be built at a later date to provide a further 20 berths.

This port facility, backed by Dubai's well developed banking and finance sector for the provision of credit, should ensure that the emirate retains its pre-eminence in the UAE's trade pattern. But its future will be dependent to some extent on the outcome of port development plans in the other emirates. Abu Dhabi is, understandably, enlarging its own port, while Sharjah is opening two container berths only a few miles up the coast from Dubai later this year and has plans to expand further, and at Khor Fakkan on the east coast it is building another container port which will save ships the journey round the Straits of Hormuz into the Gulf. Meanwhile Ras Al Khaimah is starting to build a port for seven deepwater berths, while port facilities are being considered in Ajman, Umm Al Qaiwain and Fujeirah. Obviously the federal Government will not be financing these ventures, at least not in the richer emirates, but it can do nothing to stop their development, given the possibility of outside finance and finance from oil income.

While moves towards a federal aviation policy, with the creation of something akin to the Civil Aviation Authority in Britain, appear to be going reasonably well, the federal policy will come too late to stop duplication. By the end of this year the UAE will have four international airports in operation, three of them—at Dubai, Sharjah and Ras Al Khaimah—within less than 100 miles of each other. Ras Al Khaimah opened its airport, which has the longest runway in the Emirates but so far only temporary passenger buildings, earlier this year. Only one scheduled flight a week uses it, operated by Kuwait Airways. The new Sharjah airport will be within 14 miles of Dubai's excellent one, which means that for safety reasons it comes within the same air control; the result is that the number of aircraft movements at the two airports will be the same as the capacity of one airport.



Traffic will certainly go to both these new airports in due course, but it is difficult to envisage either of them covering their running costs (Ras al Khaimah's is estimated at about £750,000 per annum making no provision for depreciation) within the foreseeable future. Sharjah aims to concentrate on air freight, while there is a possible future for Ras al Khaimah being used for the tanker crew change traffic, which at present uses Dubai. Intercity air traffic in the UAE does not exist on a large scale because the roads are so good and most distances short.

Traffic

Understandably Dubai, which handles more traffic than Abu Dhabi, wants to keep its lead in the UAE and is to build a second runway, while Abu Dhabi's airport, which is too small and too close to the built-up area, is eventually to be replaced by a Middle East version of Charles de Gaulle airport in Paris, built by the French. Fujeirah is also thinking of building an airport, which will be mainly for military use.

So an effective civil aviation authority for the UAE will have to cope with the status quo, although it will probably benefit International Aeradio, the subsidiary of British Airways which operates technical services at all UAE airports and which may find it has only to deal directly with one authority instead of several.

As for electricity, the federation is carrying out an electrification programme for the northern emirates, but apart from the three poor ones individual rulers seem determined to keep their hands on the power supplies, and the chances of a federal grid seem fairly remote at this stage. Internal telecommunications, which are operated with varying degrees of equity participation by International Aeradio, are to be united, with the exception of Ras Al Khaimah which is also insisting on having its own earth station and satellite link.

Longer term development projects also lack co-ordination except in the field of agriculture where there is a fair amount of exchanging of information between the federal research institutions and the emirates. Some small-scale industries are being developed making use of local resources — fishmeal plants, cement plants and so on. But in the creation of large-scale industries such as might one day be the cornerstone of the UAE's economy when oil and gas resources have been exhausted there is no outward sign of co-operation between the two emirates with the biggest ambitions, Abu Dhabi and Dubai.

Abu Dhabi has entrusted the Abu Dhabi National Oil Company (ADNOC) with the task of planning an industrial complex based on the gas utilisation plants to be built at Ruweis, near the Jebel Ashanna oil terminal. Over the next 15 years it is intended to build a fertiliser plant, an export refinery and, possibly, an iron and steel plant. There is also talk of a plastics company being established.

Abu Dhabi appears to have dropped for the moment at least plans to build an aluminium smelter, while Dubai is to go ahead with its own smelter project, making use of associated gas brought ashore from its oilfields and processed in the LPG plant being built at Jebel Ali.

No doubt federal economic co-operation will increase as the implications of the future scale of development sink in and costs escalate further. The need for skilled labour and trained management will mean the formulation of a long-term education policy tailored to the economy's needs. Since education is becoming a federal preserve this could be a factor tending towards more integration.

James Buxton

The rapid development of the Emirates as a trading centre has brought delegations from all parts of the world to try their luck. The Emirates are Britain's second largest market in the Arab world.

Trade relations

READING THE Press here day by day it is hard to think of countries which have not sent trade or political delegations to the UAE, their main purpose, of course, being to assess what they can export to a country which is expanding fast and must import virtually everything. The arrival of trade missions — last year the Abu Dhabi Chamber of Commerce received 39, a high number considering that Muslim fasts and the hot summer restrict business to little more than half the year—is matched by the establishment of larger commercial sections in embassies and the development of more diplomatic representation in Dubai, the main trading centre.

This tremendous commercial interest has led to a broadening of the range of countries with which the UAE trades, and currently 105 nations export to the country. In 1973 the value of UAE imports stood at Dh.3.35bn., but by the following year—in the wake of the oil price rise — the total had jumped to more than Dh.7bn., and the first half year figures for 1975 showed imports of Dh.5.11bn.

But it is impossible to say accurately what proportion of this increase is accounted for by increased prices, freight costs, congestion charges and so on, although it must certainly be substantial.

Transport equipment and machinery is the largest single component of the UAE's imports, making up about 30 per cent. of the total in 1974 and about the same pattern in 1975. After that comes manufactured goods classified by materials, which covers most construction materials, making up about 25 per cent., and other manufactured items, food and oilfield materials making up the bulk of the rest.

Until the end of 1971 Britain was the top supplier to the UAE, supplying 22.4 per cent. of imports in that year and 26.5 per cent. the previous year. But in 1972 Britain was overtaken by Japan, which in 1974 had 18.1 per cent. of the market, with Dh.1.3bn. of exports, compared with Britain's 15.5 per cent. of the market with just over Dh.1bn. of exports. The U.S. was not far behind (13 per cent.; Dh.920m.) and West Germany (6.5 per cent.; Dh.461m.) was in fourth place.

Decline

Observers attribute the decline of the British share to the increasing number of Japanese vehicles being imported and the success of Japanese sales of electronic goods. In manufactured goods Japan exports twice as much as Britain to the UAE. The car sales situation could conceivably change as Leyland, now off the Arab Boycott list, starts to sell in the UAE, but apart from the tough Japanese competition (Japan has 70 per cent. of the car and truck market in Dubai and a large share of the Abu Dhabi market), there are serious doubts about Leyland's ability to maintain production and to adapt its cars to the local market where factory-installed air-conditioning and radios are musts.

The overall trade pattern of UAE for 1975 is confused by the fact that, while the figures for Dubai go up to the end of the year, those for Abu Dhabi that have been released so far only cover the first six months of the year. Over the year as a whole total imports at Dubai were Dh.7.1bn., of which the British share was just over Dh.1bn., following Japan who led the field with Dh.1.3bn.

At Abu Dhabi, on the other hand, which handles less than half the quantity of imports going through Dubai, the British led the market. The figures for the first half of the year show British exports to Abu Dhabi totalling Dh.419m., followed by the U.S. with Dh.279.2m., West Germany with Dh.245m. and Japan in fourth place with Dh.214m. Out of a total of Dh.1.78bn. Britain had nearly 23 per cent., while nearly half of all Abu Dhabi's imports come from the EEC countries.

From the purely British point of view the UAE market is significant because it is almost the biggest in the Arab world. British trade statistics show exports worth £198.5m. to the UAE in 1975, compared with exports of £199.8m. to Saudi Arabia, Britain's biggest Arab market.

Looking more closely at the Dubai import figures it emerges that the main exporters to the port, which handles a substantial part of the trade for Abu Dhabi as well as for the Northern Emirates, has not changed very much over the past few years. The top three exporters are Japan, Britain and the U.S., in that order. India, Iran and West Germany also figure well up in the list. While Japan has in the past few years been accounting for about a fifth of Dubai's imports, its position is not as strong as this consistent share would appear to indicate. The first point to note is that Dubai buys heavily from Japan in two main sectors: "manufactured goods classified chiefly by materials" (mainly rubber and steel products) accounted for about half of Japanese imports in 1975, while machinery and transport equipment accounted for just under a third. And while Dubai's imports for 1975 rose by about 57 per cent. over 1974, Japan only managed to increase its exports to Dubai by about 44 per cent. If there were a downturn in these two major sectors Japan's position would be materially affected.

It seems that the Far East generally is not doing too well in Dubai at the moment (with individual country exceptions such as Singapore, of course) in spite of its much-vaunted traditional low-price image. China, a conspicuous exporter of goods to the Gulf States in quantity if not always in value, did not manage to keep ahead of the overall increase in Dubai's import market: its exports only increased by 26 per cent. in 1975. And Hong Kong, which is number 10 on the import league table for Dubai, only managed an increase of 42 per cent.

In contrast two Western countries did extraordinarily well last year. France's exports to Dubai increased by 110 per cent. and Britain increased its exports by 86 per cent. But Britain is number two exporter to Dubai after Japan, with a 15 per cent. share of the total market, and France is much lower down the list at seventh place with only 3.6 per cent. of the total. Although one category alone—machinery and transport equipment — accounts for over half Britain's exports to Dubai, its goods are strongly represented across the board. France, too, markets a diverse range of goods to Dubai. The U.S., number three exporter to Dubai, managed to beat the growth rate of the import market.

The largest sector of the Dubai market—machinery and transport equipment — reflects the construction boom that is currently underway—as it was last year and probably will be next year—as well as the State's need for oilfield equipment. Goods of this kind account for just over a third of Dubai's total imports (food is the next largest sector) and the market is dominated by the U.S. with a share of just over a fifth, followed closely by Britain and Japan.

Thirst

UAE nationals and residents have a seemingly unquenchable thirst for highly sophisticated consumer goods, and the main streets of the two principal cities are lined with glittering shop windows displaying gold and silver, de luxe stereo equipment and every imaginable electrical gadget. The major fashion houses have enormous showrooms in the main streets, where veiled or masked ladies indifferently finger dresses costing more than Dh.1,000 each (about $250). However, western exporters too often imagine that the UAE is merely a mark luxury goods and ten neglect the growing m class in the country, embraces the Governmen ployees and lower manag of non-European business. East Europeans have been to seize upon this sector their cheap manufactured g For the average UAE re shopping can be a frustr business, as the only com ties available are often the and most expensive the can produce.

Dubai, which last handled 3m. tons of freig Port Rashid, and hopes this to handle 4m. tons, is the ing port, and Sheikh Rashid Ruler, aims to consolidat position by the building more deepwater berths in tion to the 15 already in Six new berths to add t existing six are being bu Abu Dhabi, and there is a bility of more being built later date. Port facilitie also being built at Sharjah Khor Fakkan and Ras Khaimah, and there is a bility of ports being bui Fujeirah and Ajman and al Qualwain.

Doina Thomas
Kathleen Bisht

After five years of federation some business rivalry still exists between the seven Emirates, and visiting businessmen tend to treat them as separate entities. The three major States all aspire to be regarded as the UAE's business centre.

Doing business

THIS YEAR the United Arab Emirates will celebrate its fifth year as a federation and will adopt a formal constitution to take the place of the temporary one that first brought the seven sheikhdoms together. But business visitors to the UAE continue to treat it as seven separate states, more specifically as the two individual Emirates of Abu Dhabi and Dubai, while the other five are thought of as the Northern Emirates.

However the production of oil in Sharjah in July 1974, though in limited quantities, boosted that Emirate's development ambitions. It, too, is now being treated by the businessman as a separate market. Nor should the other Emirates be ignored, even if their projects are more modest and largely based on Federal funds. Being first in the market and building up a position of trust can be very profitable, as some British consultants will testify.

In spite of five years of admittedly loose federation, a decided degree of business and political rivalry still exists between the States, and it makes good business sense to treat them separately. The rivalry patterns are reasonably simple. The rival is the neighbouring state, the ally is the state beyond that. Thus Abu Dhabi and Sharjah have relatively close links through common rivalry with Dubai (while Sharjah's need for Federal funds pushes it closer to Abu Dhabi, the prime source of them).

In addition to their traditional rivalries the States are also at different stages of business development, have differing attitudes to business and varying ambitions for the future. The only ambition they appear to have in common is that the three principals all want to be the business centre of the UAE, though it appears that Abu Dhabi would content itself with being the federal capital, which seems to be occurring naturally, leaving Sharjah and Dubai to compete for businesses and banks.

In terms of business experience Dubai and Sharjah have a much more sophisticated and developed private sector than Abu Dhabi whose citizens have taken to trading rather later than the other two, but with equal enthusiasm. The Abu Dhabi merchant community is still largely in the early stages of development, taking on agencies and sponsorships, although the Masaood family, to name only one, is becoming a major contractor as well. Thus most of the project business, as opposed to product business, done in Abu Dhabi will be through government departments or institutions such as the UAE Development Bank, set up specifically to finance light industry, construction and trading projects.

In both Dubai and Sharjah the private sector is well established and experienced with consequently much smaller government organisations. The point is neatly illustrated by comparative tables in a recent book (Doing Business in Saudi Arabia and the Arab Gulf States*) which takes a full page to set out the 26 government departments of Abu Dhabi, and manages to get the 16 departments of Sharjah and seven of Dubai into the same space. The comparative lack of government departments in Dubai, is, local residents point out, a good indication of the laisser faire attitude taken by the Ruler, Sheikh Rashid.

Sharjah originally had the edge over Dubai in trading. But the spread of the Japanese cultured pearl depressed its trade along with that of Dubai and Bahrain. Sharjah's position was exacerbated by the silting up of its natural harbour. Sheikh Rashid took advantage of this in the mid-fifties, dredging his own creek in Dubai to encourage trade and many Sharjah merchants moved nine miles up the road to continue business from Dubai. To-day the merchant community of both states moves freely between the two.

One notable feature of the Dubai business scene is the conspicuous presence of a large Asian business community, again organised on a family basis. These families from the Indian subcontinent, with latterly a great emphasis from Pakistan, tend to form the second rank of business in the country. Some are in partnership with citizens of Dubai, but it is not compulsory to have a local partner in Dubai law.

The question of agents and sponsors in the UAE, as elsewhere in the Gulf, is highly complicated and varies from State to State. It is usually best to have a local partner whether there is a legal obligation to do so or not, in order to give the product or business an immediate standing in the local community.

Activity

Abu Dhabi is the most protective of the States as regards agents and sponsors, but Dubai and Sharjah take a more liberal attitude. As yet no Federal law on the subject is in force although one which would compel all business activity to be 51 per cent. in local hands did pass the Federal Cabinet it has not yet been ratified by the seven rulers.

In Abu Dhabi the National Consultative Council has recently ratified a Chamber of Commerce resolution on the 51 per cent. position with the additional rider that a licence must be obtained from the appropriate national government department as well as the municipality. This resolution has to be approved by the Ruler, Sheikh Zayed, before becoming law and it is felt that approval may not be forthcoming because it might put the state at a disadvantage with Dubai in attracting businesses.

So the present position is that any foreign business dealing in physical goods in Abu Dhabi must have a citizen, and there are not very many of them, with a 25 per cent. minimum holding in the business. But it is highly likely that the whole area of business law will come under scrutiny in Abu Dhabi following the recent convictions for corruption of certain foreigners. For any business associated with the Government it is essential to have a local partner, if only to steer through the complexities of the State's departments and planning organisation.

In Dubai also it is virtually essential to have a local partner for any large scale project that the State will finance, either in part or as a whole, but for the opposite reason. The Government of Dubai is much more nebulous in form. Sharjah actively discourages middlemen, even on large Government projects, and would prefer foreign consultants and contractors to deal direct and this, in effect, means taking the project to the Ruler, Sheikh Sultan. Neither Dubai nor Sharjah have laws compelling traders in physical goods, as opposed to consultants, to have a local agent but it is considered advisable.

The question about agents in the UAE, and indeed in all the Gulf States, is not really what their percentage should be, but how good they are likely to be. Once a local agent is appointed, tradition, and in certain countries the law, makes it exceedingly difficult for the foreigner to terminate the agency. Many of the UAE merchant families now hold more agencies than they know what to do with and, as middle management is an underdeveloped field, this places a great strain on their organisations. (Some of the larger family organisations in Dubai and Sharjah have virtually ceased taking on agencies, being more interested in financing real estate projects.) Many of the trading companies are now filling their middle management gaps by recruiting Western or Indian management.

Both Sharjah and Dubai welcome foreign companies or consultancies who wish to set up their headquarters in their state. Dubai is particularly keen on financial institutions to further its ambitions to become a financial centre. While Sharjah is equally interested, it does appear to be attracting a fair number of head office organisations. Companies such 3M, Great West Steel of Canada, Armco Steel's resistor division, a division of Westinghouse, either have or are about to set up offices in the State.

As part and parcel of their attractiveness to foreign business both states point out that they impose virtually no taxes and there is no exchange control. Nor does Abu Dhabi impose taxes. Any income tax laws in the Emirates are in practice only applied to the oil companies, although banks now pay around 20 per cent. of net profits according to individual agreements negotiated with the Rulers when their charters are granted. There are no sales or personal taxes and only minimal customs duties, except on alcohol. The only true tax in Dubai is the municipal tax on rentals, 10 per cent. on commercial and 5 per cent. on residential, for municipal services.

However sending out a man from the home company is an extremely expensive business, the annual running costs of an executive in the £10,000 a year class with a wife and two children will be around £40,000 a year. Rents for both private and office accommodation reflect the acute shortage of both, particularly in Abu Dhabi, but less so in Dubai and Sharjah. Rent on both office and domestic accommodation is payable in advance, usually annually but sometimes two years in advance. Living is expensive and inflation is around 30 per cent. or more.

The financing of business in the UAE is largely done on a personal basis. Money is lent to individuals against their own credit standing rather than against the viability of the proposition before the banker. Money from the retail banks is usually short-term, up to two years, but medium-term money is available from specialist banks such as the UAE Development Bank.

This particular bank, however, will scrutinise projects for their viability. In its first full financial year to March 31 the Bank committed itself to ing around $150m. although much of this has yet been bursed. A senior bank of has been heard to com sourly that the bank does regard favourably pro which have already been tu down by other develo countries—and that it can these a mile off. The B is empowered to go into j ventures and nurse these to point of viability as joint s companies when shares wil offered to citizens.

The concept of the j stock company is beginnin catch on in Dubai, w already has a Stock Exchange but the resulting shares are not frequently traded. The Stock Exchange, which deal principally in commodities, put out daily prices for the share traded and by so doing gradually increasing interest in the joint stock idea. Shares however, are rarely bought with the intention of trading Sharjah is also planning to build a formal Stock Exchange

The whole approach to business in the UAE is becoming more Western. Appointments are frequently kept on time and have become less ritualistic But business cannot yet be rushed, American style, and polite preliminaries are still the order of the day. Delegation is still a problem, with authority tending to rest with the founder or his son, or the head of the appropriate department or Ministry for Government business. This slows business down somewhat and when processing documents, means that they should be personally accompanied through all stages

A final, vital, point is the matter of visas. The recent troubles in the Lebanon and the recurrent problem of illegal immigration has meant that Abu Dhabi briefly tightened up on the issuing of 96 hour visas at the airport. At one time these visas were not being issued at all. They effectively confine the traveller to the State in which they are issued as passports are retained at the airport. These visas are now again obtainable for *bona fide* businessmen Unless the business traveller has efficient contacts in the UAE it is difficult to get a month's visa in the Gulf States because of communication problems and application is best made through UAE embassies abroad.

**Doing business in Saudi Arabia and the Arab Gulf States by N. A. Shilling, Inter-Crescent Publishing and Information Corporation, 219 East 83rd Street, New York. $160.*

Doina Thomas

The United Arab Emirates

"... if the peoples of the United Arab Emirates can look confidently to the future, they can also display pride in a heritage which can be traced back five thousand years ..."

THE UNITED Arab Emirates emerged into the modern political world as a single, sovereign, federal state in 1971, marking the end of an era, and the birth of a new and challenging period of development. Industry is now in the process of diversification to reduce dependence on the existing oil economy; modern schools, hospitals and housing projects have created one of the most advanced and comprehensive welfare systems in the world; new deep water ports, international airports and highway systems have provided greatly improved communications with the outside world; aid to developing nations of the Third World and disaster stricken areas has established unprecedented levels of aid.

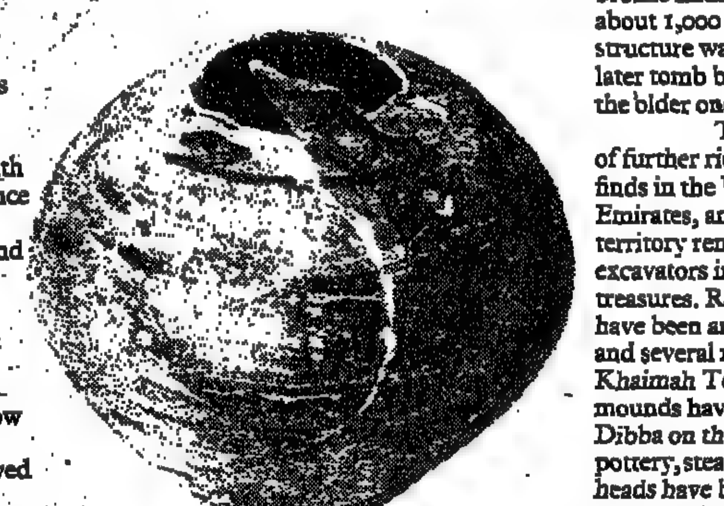
Yet if the peoples of the United Arab Emirates can look confidently to the future, they can also display a pride in a heritage which can be traced back five thousand years into history. The message of Islam was first brought to the area from across the Arabian peninsula in 628 AD, to make the greatest social impact of any single event and to become the dominant cultural influence in the UAE.

The search for oil not only brought prosperity to the United Arab Emirates, but the discovery of an exciting heritage dating back to the third millenium BC. Beneath the sands, evidence of an ancient civilisation previously unknown to historians and archaeologists was found, and which appears to have lasted some 2,000 years.

Archaeology

IN 1958 oil prospectors aroused interest in the Emirates' ancient past with the discovery in Abu Dhabi of grave mounds and scraps of pottery. It was evidence of a civilisation with regular settlements and stone buildings dating back before the Bronze Age. This was not just a hunting or pastoral economy. Although finds of arrow-heads indicate that the people were hunters, evidence of sheep, goats, donkeys and possibly camels show them to have been owners of domestic animals. Elaborate tombs and sepulchres show an obvious respect for their dead. These were not designed for a great king or chief, but were communal graves designed for a succession of burials. The tombs suggest that the political or tribal outlook was more democratic than authoritarian, and that there existed no worship of any king-God. These were a peaceful people; few weapons have been found nor hilltop forts discovered.

The discoveries not only establish habitation some 5,000 years ago, but indicate a much different climate from the hot and inhospitable weather experienced in modern times.



K. G. Fenelon writes in his book *The United Arab Emirates*: 'Many intriguing questions arise in connection with this forgotten civilisation. Whence did the people come? What happened to them eventually, and why were they forgotten? Did they cultivate cereal crops, as is suggested by the finds of a number of querns? If this were so, surely the climate must have been different from what it is now and the rainfall must have been heavier. They must also have lived at a standard considerably beyond that of bare subsistance, or how could they have provided the labour to transport huge stone blocks from the hills and to fashion them into shape, ornamenting them in bas-relief? Were they just fishermen on the coasts or agriculturalists inland? This is more doubtful, judging from their monuments. The question is: were they traders, carriers or may it be suggested, miners and smelters of copper ores found in the mountains of Oman?'

Excavations at the site on the island of Um an Nar commenced in 1960 to reveal the debris of collapsed stone buildings, circular in shape and constructed of dry stone without using cement or mortar. Some fifty tombs were discovered, some decorated with reliefs of animals, including oryx, bulls and a camel. Among the graves, gifts were found of pottery, stone beads, copper pins and daggers. The pots and vases were elaborate geometric designs on red-brown or grey clay. Archaeologists have dated the discoveries at about the middle of the third millenium BC.

A village of some twenty to thirty stone-built houses was subsequently discovered near the burial mounds, but on the mainland coast. It is from the contents of these dwellings that an idea of this ancient culture can be provided. There were copper fish hooks and stone weights used either to sink fish nets or less probably as loom weights. The existence of stone querns suggests the cultivation of grain.

The stone structure of these dwellings is a unique and curious feature, since such substantial stone-built residences are unknown during later historical periods. The relative grandeur of these buildings suggests something more than a small fishing village, but perhaps a trading terminal or small port.

The Ruler of Abu Dhabi, and first President of the United Arab Emirates, His Highness Sheikh Zayed Bin Sultan al Nahyan, has been personally involved in encouraging the search for evidence of his country's ancient heritage. Before assuming the responsibilities of Head of State, he was often personally involved in assisting with archaeological discoveries.

In 1959, Sheikh Zayed, then Governor of the Eastern Province, invited Professor P. V. Glob and Dr. Bibby to visit Al Ain Oasis, to show them burial mounds in the Hafit area, which appeared to be like those at Um an Nar. During the next few years, several thousand of these mounds were investigated. A bronze sword dated to the late second millenium was among the discoveries. Further investigations disclosed that the Hafit mounds contained burials from two periods: the Jamdat Nasr Period, about 3,000 BC; and the later second millenium BC or early first millenium BC.

At Hili a stone tomb was excavated during the winter of 1964-65, with the subsequent discovery of a settlement on the site. Though of the same period, the remains at Hili are more imposing than those at Um an Nar. K. G. Fenelon writes: 'The size and weight of the stone blocks suggests that this was a settlement of some stability over a long period of years, and with sufficient surplus labour force above the needs of agriculture to allow for quarrying, shaping and decorating of the huge stone slabs, and the transporting of them from the mountains several miles away. The site is not that of some commanding hilltop but a plain, now somewhat arid and some distance from the nearest cultivated fields. The settlement so far excavated is a fortified tower protected by a moat, but it is not difficult to imagine that, in this time, the site was surrounded by cultivated lands yielding ample supplies of vegetables, fruit and probably cereals.'

The Hili settlement was not an isolated village, but part of a larger community of settlements scattered within a radius of twenty miles. Between Al Ain and Jebel Hafit hundreds of burial mounds have been found beneath the sand. Iron fragments found in the mounds have disclosed that the most recent burials were dated some 2,000 years later than the first burials.

At Bint Sa'ud stone graves from at least three different periods (from 3,000 BC to the 8th Century BC) have yielded a harvest of bronze: daggers, bowls, an axe-head, about a hundred bronze arrow-heads. The bronze finds suggest a date of about 1,000 BC, but the original structure was much older, the later tomb being constructed over the older one.

There is the promise of further rich archaeological finds in the United Arab Emirates, and much of the territory remains virgin awaiting excavators in search of rich treasures. Ras al Khaimah may have been an ancient sea-port, and several miles north of Ras al Khaimah Town numerous burial mounds have been found. At Dibba on the Batinah Coast, pottery, steatite vessels and arrow-heads have been found which appear to belong to the same culture as the late Bint Sa'ud and the secondary burials at Hafit.

It was in 1761 that the Bani Yas tribe discovered Abu Dhabi island while on a hunting expedition, and from 1774 the island was to become the main centre for this community which was to dominate the area until today. Both Sheikh Zayed, President of the UAE and Ruler of Abu Dhabi, and Sheikh Rashid, Vice-President of the UAE and Ruler of Dubai, are descendants of the Bani Yas.

During the past two centuries, pearling, fishing and maritime enterprise played a significant role in the economy of the Gulf settlements. An important ship building industry flourished in Ras al Khaimah in response to demand.

From these modern historic times, castles and forts are to be found scattered throughout the Emirates. In Abu Dhabi Town the old fort remains, built in 1793, with later renovations, as does the old guard tower by the Mughta Bridge linking the island to the mainland. Other forts and places are to be seen in Ajman and Um al Quaiwain. In the Liwa Oasis there are several forts and watch-towers.

The old wind-towers of Sharjah and Dubai provide a fascinating example of the architectural skills developed in recent centuries. These tall rectangular towers with openings on each side were designed to catch the slightest breeze, from whatever direction. Connected with the rooms below, the towers provided air movement inside the dwelling, thus making life more comfortable for the inhabitants in the days before air-conditioning became a standard feature of every Emirate household.

History will also record the maritime skills of the peoples of the Emirates. The Gulf has throughout time been a strategic waterway providing a link between the sea route to India and the Far East and the overland route to Europe from Basra. Today, oil developments have increased its importance.

The 18th and 19th centuries saw repeated attempts for control of the Gulf waters. The Dutch, British and French sought to gain influence in the area which was held by the Portugese; Persians, Ottomans and Arabs were also powerful contenders. Most notable were the Qawasimi Arabs from Ras al Khaimah and Sharjah. The Qawasimi fleet, by the start of the 19th century, comprised sixty-three large vessels and over 800 smaller ships, manned by 19,000 men, posing a serious challenge to the European traders.

Neither Portugese nor Dutch forces were able to subdue the attacks. In 1809 a punitive raid was organised by the Government of Bombay. Later the East India Company sent a large naval and military force in 1820 to destroy the fleets and their bases. The town of Ras al Khaimah, the most important maritime centre, was attacked, its ships burned and the fort demolished. Other strongholds were then destroyed or threatened with destruction. As a consequence, the rulers of the area signed a treaty agreeing to non-belligerency, which after a series of six-month agreements, was replaced by a Treaty of Maritime Peace in Perpetuity signed in May 1835. When India gained independence in 1947, responsibility passed to the British Government to fulfil the Treaty's obligations.

Today the Government of the United Arab Emirates is ensuring that the country's ancient heritage is further explored and preserved. Museums enshrine the heritage of the area. In Dubai an old fort has been adapted to house an impressive array of antiquities, while at Al Ain the museum is being extended as new exhibits flood in from the digs in the surrounding area. Both museums contain fine ethnological sections. All new towns in the UAE include museums as part of their amenities – linking the country's fascinating history with the exciting developments of the present and future.

Customs and Pastimes

THE IMPACT of rapid economic and social development is changing life-styles in the United Arab Emirates, though tradition still plays an important part in every day life, where emphasis remains on religion, hospitality and courtesy. As in all Muslim societies, Friday is Sabbath, and is marked as a holiday.

The major religious event of the year is the occasion of *Eid al Fitr* which marks the end of Ramadan, a month of fasting. During Ramadan, Moslems abstain from food, drink and smoking from sunrise to sunset.

On the twenty-seventh night of Ramadan, Muslims celebrate *Lailet al-Qader*, in remembrance of the moment when the Prophet Mohammed was revealed the Koran, the Holy Book all of Muslims. Special prayers are held in mosques throughout the United Arab Emirates.

Eid al Fitr is marked in much the same way as Christmas in the West. Presents are exchanged, cards mailed to friends and families visit friends. Celebrations include feasts, singing and dancing.

The Festival of Sacrifice, *Eid al Adha*, is also held annually throughout the Muslim world. It takes place on the tenth day of the Islamic month of *Dhul Hijjah*, and is marked with a ritual sacrifice of a sheep. For others, this is the month of pilgrimage to Mecca, when, Muslims from across the world pay homage to the Prophet Mohammed at the sacred precincts of Mecca, before proceeding to Mina, some ten miles away. On the eighth day of Dhul Hijjah, the pilgrims proceed to Mount Arafat, where Ismael's sacrifice is recalled, and the next day, they bear witness before the mountain.

The serving of coffee to visitors remains a popular though traditional form of hospitality, and is served on all occasions: in the Ruler's *majalis*, in the home, in the office and even in many shops. Served black and without sugar, the coffee is flavoured with cardamon cloves, spices or herbs, providing a unique flavour. It is usual for the principal guest to be served first, though by a slight twist of the wrist he will indicate to the *maqahwi*, or coffee server, that preference should be given to the host. The host will decline, and the guest will be served first from an ornate brass coffee pot.

Among the traditional customs is the dance, which figures prominently in celebrations such as those during the *Eids* (feast days) and other special occasions such as weddings. To rhythmic drumming and the clash of cymbals, dances are performed with great skill and gusto. Other instruments used include large tambourine-like drums, which are heated from time to time over a small fire to keep the skins taut.

In the *Laywah* dance, the music is provided by a large horn and drum vigorously beaten at intervals, while for the *Jerbah*, the musical accompaniment is played on a bagpipe made from an inflated goatskin.

Singing is also traditional in the Gulf, during work as well as celebrations. Songs have been particularly popular among the maritime community, as a relief from the monotony of a long sea voyage. They are accompanied by drums and other musical instruments, including a pottery vessel played by cupping a hand over its mouth in rhythmic fashion to produce a musical sound through compression of the air within.

Sport tends to be robust, with hunting and hawking particularly favoured. Hawking is a seasonal sport, confined to the winter and spring months. Hawks are regarded as very personal possessions, and are treated with the same attention as a Western person will give to a family pet.

The hawk is carried on the gloved hand or arm of its keeper. Tough leather gloves or an armlet made of carpet material are necessary to protect the hands and arms from the sharp claws of the bird. A small leather hood which can be easily removed is kept over the hawk's head until the hunt starts, when a good, well trained hawk can be expected to bring down four or five bustards during one hunting trip.

Camel racing, as well as horse racing, is a popular sport in the Emirates. In Abu Dhabi, a camel race is considered an occasion, with as many as forty camels participating in a single race, making two circuits of a long course. The camels show remarkable speed and the races are eagerly watched by the experts and a discerning public.

Though such traditional sports are unlikely to cease, new pastimes are much enjoyed in the United Arab Emirates. Touring by car is much favoured by many families, particularly in the cool of the evenings, while sailing, speed-boating and water-skiing are rapidly becoming popular sports along the Emirates beaches.

H.H. Sheikh Zayed bin Sultan al-Nahyan, the President of the United Arab Emirates, and Ruler of Abu Dhabi

Higher capital expenditure is planned for Dubai, with the dry dock and aluminium smelter important projects, but a substantial surplus on oil revenue will remain. Meanwhile the Emirate's reputation as a significant trading centre is unimpaired.

Dubai

ALL THE signs point to another boom year for the bustling State of Dubai, the United Arab Emirates' main trader.

Physically there is virtually no road in the State that is not either being added to, improved or built up, and almost all roads experience heavy traffic jams at certain times of day. The creek is still wedged tight with dhows carrying cargoes as diverse as shiny Japanese motorbikes and brightly covered foam mattresses, the former for re-export by sea, the latter for re-export by land, for Dubai is still the major entrepot for states outside as well as inside the UAE. And yet Port Rashid is still relatively free of the long delays so prevalent in other Gulf countries.

Progress towards industrialisation is slow but steady. A major step forward will be the signing this month of a first construction contract for the proposed $476m. aluminium smelter, which is imminent. The dry dock's progress has been re-scheduled and it should be ready by the beginning of 1979 at a re-estimated cost of around £162m. All in all there is construction work of one kind or another worth around $2bn. being undertaken in Dubai at present, with perhaps another $600m. worth under consideration.

Behind Dubai's prosperity (and that of its Ruler, Sheikh Rashid) is a substantial oil income estimated last year at $800m. and for the present year at $1.1bn. Against this income the scale of spending appears tiny. The cash spent on projects during 1975 was about $100m. and recurrent expenditure about $75m. Actual expenditure on such items as defence (which took Dh.80m.) was less than half what had been budgeted. Repayments on development projects already complete came to not more than £12m. or £13m. last year and this burden is not thought likely to increase very steeply in the next two to three years, after which it may even level off.

Expenditure projections for this year are of approximately the same order as last year, but there is a clear trend towards higher capital expenditure in the future as more projects begin. The Emirate is to spend Dh.800m. over the next few years on urban developments in Dubai and Deira. But there is no suggestion that Sheikh Rashid is likely to face anything resembling a cash flow problem. In fact he would be well capable of paying for all the projects at present under way out of the surplus oil revenue instead of by borrowing.

Dubai owes its pre-eminence as a trading state among the many states of the Gulf to the now legendary foresighted gesture of Sheikh Rashid in dredging and improving the creek between the towns of Deira and Dubai in the mid-1950s with what was then a substantial sum of borrowed money.

The trading hinterland for Dubai's wheeler-dealer merchants over those past 20 years has not been confined to the states of the Arabian peninsula; the Indian sub-continent has long been a significant, if unrecorded, importer from Dubai. The goods "traded" are principally watches but include textiles, medicines and small electronic goods according to demand. Gold once used to be an important item smuggled into the sub-continent, but in 1974 and 1975 that trade has been run down to virtually a trickle, though it has picked up of late.

Imports

A full analysis of Dubai's trading position is in the article on trade. One of the key imports is construction equipment and Britain's strong position in this field must largely be due to the strong position of both British consultants, civil engineers and architects, and contractors, who followed up the historical accident of Britain's presence in the Gulf with hard work. The Halcrow consultancy, for example (it operates under two names in Dubai, Sir William Halcrow and Partners and Halcrow Middle East) has been involved with Dubai for a couple of decades. It is at present directly involved with work to the value of around £700m.—well over half the total value of work being done in Dubai at present—including Dubai's ambitious dry dock project.

The architect and partnership of John R. Harris has also been in Dubai for many years, and two of the practice's most notable current projects are the £56m. trade centre and the various extensions of the elegant Rashid hospital. These

Sheikh Rashid, Ruler of Dubai (left), and Sheikh Zaid, Ruler of Abu Dhabi, and President of the UAE.

British consultants have inevitably been followed by the British contractors: Costain-Taylor Woodrow International has the contract to construct the dry dock, Bernard Sunley is doing part of the Rashid Hospital extensions. Additionally Wimpey has a joint venture with the Al Futtaim organisation, one of the top five trading—and now construction—houses in Dubai. However, resident British contractors and consultants point out that local contracting firms, in joint ventures or otherwise, are rapidly acquiring the expertise to take on ever larger projects, so that it would be foolish for the British to rest on historical laurels.

There are three major projects currently under way in Dubai which seem to attract the highest degree of interest (and some little scepticism) from the outside world. They are: the dry dock, a project now worth £162m., which gives rise to much interest on the question of trained manpower and management to run it; the *aluminium smelter, estimated to* be around $476m., where questions of manpower again occur; and finally the International Trade and Exhibition Centre, a complex consisting of a 33-storey tower block, a multi-purpose hall and 300-bed hotel: the management contract has recently been awarded to the Canadian company Trizec, which specialises in running such centres. (The iron and steel plant project, whose estimated cost varied between $120m. and $240m., is now in abeyance.)

Services

The problems that have recently beset the dry dock project now appear to be over. The rescheduling of the work was in part due to the need to pay more attention to the services (roads and so on) to the dock and the unexpected bankruptcy of a German sub-contractor. There was also, briefly, some trouble with the construction workers at the site, but this now appears to be over. The project is discussed in detail on page XIV of this Survey.

The main question hovering around Dubal (Dubai Aluminium) is also about world prospects. The smelter is to be built by British Smelter Construction (BSCL), jointly owned by Wimpey and Selection Trust, with Mr. H. P. Brauner, the company's chairman, also having a small stake. When complete the smelter will be owned 80 per cent. by Sheikh Rashid, 7½ per cent. by Southwire Corporation of Atlanta (which will also be providing technology in the construction of the plant), 7½ per cent. by Nisso Iwai and 5 per cent. by local interests. Local interests will have the option to buy up to 20 per cent. of the plant's output, the rest *being sold in the U.S. and Japan* by the two 7½ per cent. stake-holders on a pay or take basis.

The smelter, which is being built at Jebel Ali, about 40 kilometres from Dubai, will be producing 20,000 tons of aluminium in 1979, 100,000 tons in 1980 and 135,000 tons in 1981. It will form part of the industrial complex to be constructed at Jebel Ali, and the first satellite industries, including a £4m. extrusion press, are now being planned. The smelter is to use LPG from the plant being built at the site by Sunningdale Oil and Gas to harness the associated gas from the offshore Fateh and South-west Fateh fields.

While there is no problem over the source of power for the smelter itself, the LPG plant's output of 62m. cubic feet per day will be almost totally consumed by the aluminium smelter, and unless more gas is found in other fields there will for the moment be no surplus for other uses. However, the Emirate appears to be confident that power supplies for other industries will ultimately be available from the gas plant, which comes on stream at the end of 1978 and is estimated to cost up to $220m. Meanwhile, the cost of the smelter, an agreement about which is shortly to be signed, will be raised by Lloyds Bank International and the Emirate's bankers.

Demand

The smelter is being built on the assumption that world demand for aluminium will have recovered sharply by the time it comes on stream, since it would not be economic to run at present aluminium prices. At the moment Alba, the smelter built by BSCL at Bahrain, is stockpiling some of its output, and other smelters are being contemplated in the Gulf. However, Sheikh Rashid appears confident that the smelter will earn substantial profits.

The International Trade and Exhibition complex seems to give rise to fewer questions, as most people would agree that Dubai has a strong future as a service centre, even though Bahrain beat it to the offshore banking draw. Certainly many businesses drawn to the Middle East find Dubai's liberal attitudes very attractive and may decide to put an office there (neighbouring Sharjah is also beginning to attract attention for the very same reasons, with the added attraction that it is as yet slightly less expensive than Dubai). There are also at least 30 banks in Dubai (and two stockbrokers) and the insurance companies are beginning to move in. The National Bank of Dubai, for example, has just gone into partnership with insurance brokers Hogg Robinson, to form International Insurance (Gulf) Ltd.

In addition to the influx of foreign concerns—and it is reported that the Currency Board may look more kindly on Lebanese financial institutions in the near future because of the continuing uncertainty in Beirut—the natural trading evolution of the Dubai merchant family businesses is also leading the Emirate towards the financial service industries. In the short history of the merchant traders of the Gulf States (pace Bahrain, which has been trading for centuries) a natural evolutionary pattern appears to be establishing itself. A merchant family will acquire agencies for imported goods, then sponsor a contractor and undertake contracting itself, get involved in the financing of hotels and other property, take shareholdings in banks and so eventually become dominated by financial businesses. Dubai already has its fledgling stock exchange, where the principal trade is in commodities, though some local firms are quoted, and many of its leading trading families are involved in local banking ventures. One former trading family which operates in both Dubai and Sharjah now can best be described as an investment company, in itself quite a sophisticated business concept.

So it would seem that for the immediate future Dubai will still look to its income from oil and trading, whether in goods or money, rather than industry. The State is already the main business centre of the United Arab Emirates—but is keeping a close eye on Sharjah's ambitions and the development of port facilities at Abu Dhabi which might lessen that State's reliance on re-exports from Dubai.

D.T.

In 1975 Abu Dhabi achieved a feat probably unequalled in the history of the world of handing out one-third of its expenditure and one-quarter of its revenue in aid to foreign countries.

Aid

THE FOREIGN aid budget in Abu Dhabi in 1975 amounted to Dh.3.5bn. (about $900,000), yet even this was exceeded and the actual sum disbursed was Dh.4.2bn. ($1.076bn.).

The payments range from personal gifts through emergency balance of payments support to assistance with specific projects which are already under-way or which are just beginning. Last year more than half of the money paid out by Abu Dhabi (which in total was about Dh.200,000 more than in 1974) was in direct grants, while the rest was in concessionary loans. Certainly, continuing the policy established after the October, 1973 war, Syria and Egypt (with emphasis on the former) were major recipients of aid. The three countries of the subcontinent, India, Pakistan and Bangladesh, have by all accounts done well from Abu Dhabi. Many other countries, both in the Middle East and in Africa and Asia, have been helped by Abu Dhabi, while institutions such as the Arab Bank for African Development, the Arab Fund for Social and Economic Development and the Islamic Development Bank have had major contributions.

Abu Dhabi's largesse has won it an important place in the Middle East political arena and has done much for the image of the Arab oil producing countries in their relations with the oil consumers. But those in Abu Dhabi who argue that more money should be invested abroad at commercial rates, and those in the rest of the Federation who suggest that more money should be spent on development in the UAE, can cogently claim that the medium-term political gain from helping miscellaneous countries in a slightly haphazard manner is slight. It is likely that as development in the Emirate and Federation absorb more money there will be less left over to spend or invest abroad (excepting a major increase in oil revenues), and the scale of Abu Dhabi's payments will decrease. In the meantime the process whereby aid is increasingly being channelled through development institutions to supposedly viable projects will increase.

In this the work of the Abu Dhabi Fund for Arab Economic Development is likely to become more and more important. It already has the task of checking the feasibility of projects which Sheikh Zaid is asked to finance; and it often has the delicate job of steering developing countries away from projects which it does consider worthwhile to more viable ones. In the last resort, however, if the aid recipient is adamant about how he wants to spend the money then he can override the Fund's advice and still be paid.

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Against a background of rising revenue, development in Abu Dhabi is moving quickly but in unco-ordinated fashion. The influx of migrants and the dependence of the national community on them may pose problems for the future

Abu Dhabi

ONE OF the most noticeable changes in the outward appearance of the town of Abu Dhabi in the past few months has been the sudden outburst of greenery and flowers in the central reservations of the main streets. Maintaining them is a massive operation requiring constant attention by an army of gardeners, even if all that most of them have to do is to keep the hoses working, and it reflects Sheikh Zaid's deep love for vegetation in the desert. Above all it has given the "temporary capital" of the Federation a sudden look of maturity.

In about eight years Abu Dhabi has developed from just a few mud buildings clustered round a fort to a modern town for 235,000 people, and although construction is still going on at a furious pace sufficient areas of the town are complete enough to give some indication of what the town planners are trying to achieve. Outwardly it looks well-ordered, with sensibly laid out boulevards, some attractive new buildings, few traffic jams and a developing skyline along the Corniche. Beneath the façade, however, it is inevitably a tale of services such as electricity and water being slow to match the fast-growing needs of an urban area, while poorly constructed buildings have been put up with little thought to fire risks and long-term comfort.

Influx

This is inevitable in a rapidly growing city based on a sudden influx of oil wealth. The worst defects, such as the power supply, are rapidly being put right. But the economy of the Emirate is so geared to infrastructure development that this has almost become an end in itself.

It is difficult for the planners to decide future electricity needs when there is as yet no overall plan and no optimum population target. With no real limit on spending and the Emirate taking as much as it can absorb, new roads and buildings are being constructed every day. The men to build them have to live somewhere and their daily needs increase the economic activity of the rest of the population.

Abu Dhabi is caught in a vicious circle of high-speed growth. The only thing worse would be a sudden halt in spending, which would not only leave buildings half-finished but also leave completed flats, houses and shops unoccupied, as the construction workers, mostly Pakistanis, Baluchis and Omanis, went back to their homes.

The problem of immigration, which is probably the most sensitive political issue in the UAE, is probably at its most acute in Abu Dhabi. It is not just that the indigenous population is so small (projections based on the census taken in 1971 suggest that there are 37,000 native Abu Dhabians out of a total of 235,000, but many observers believe that the real figure is much lower); there is the problem of the status of the thousands of Arabs from the rest of the Middle East who effectively run Abu Dhabi and the Federal civil service.

While the immigrant workers from the subcontinent rarely wish to become permanently established in the UAE, the Arab immigrants, who have strong ties of language and affinity with the indigenous inhabitants, would usually be happy to make their homes in a State, which so obviously needs their expertise. In fact they could be expected to give much more disinterested service if they were fully accepted as UAE citizens.

Against this is the deep fear of the indigenous inhabitants that they are being overrun by other Arabs in their own country, and a strong suspicion that the place would run better if more were left to the rulers and a few impartial expatriate advisers who had no axes to grind. For the moment the UAE nationals have a highly privileged position in their own country; a recent attempt to implement a UAE nationality law allowing any Arab to claim citizenship after seven years' residence was quietly abandoned after strong resistance, including demonstrations.

Even the 23,000 members of the Abu Dhabi Defence Force, predominantly Omani in the lower ranks and with British, Pakistanis, Egyptians and Sudanese at other levels, share none of the privileges granted to UAE citizens in the matter of, for example, food subsidies. At the root of the problem is the whole question of what kind of State the UAE should be—on which there is little consensus.

Educated

Despite the limits to their long-term prospects the educated and articulate Palestinians, Egyptians, Jordanians, Sudanese and Iraqis have been able to flourish under Sheikh Zaid's benign rule and they enjoy a freedom of expression which would seem astonishing in most other Arab countries. To its immense credit the Ministry of Information hands out to visitors a new book on the UAE which, beneath the academic jargon, pulls no punches on the political realities of the Federation. The foreign policy which the UAE (in practice Abu Dhabi) is developing is open-minded as well as being open-handed.

Abu Dhabi had a surplus last year of Dh.3.6bn. or about $920m., which was very much more than had been anticipated. Revenue had been expected to come to about Dh.13bn., but in practice amounted to Dh.15bn. because of the upturn in oil production in the second part of the year.

At the same time spending totalled Dh.11.4bn. against the budgeted Dh.12.9bn., simply because spending both in Abu Dhabi and the federation was up to absorptive capacity, even though actual spending on aid was a staggering Dh.4bn. against the budgeted Dh.3.5bn. The Emirate Government took some of ADNOC's surplus, since the oil company's relatively low taxation enables it to take a substantial part of the State's oil revenue, and the surplus for investment came to a good $1bn.

Of this about half has been kept in cash, while the remainder was handed over to the Abu Dhabi Investment Authority, set up in March to handle all the Emirate's investments, which were previously dealt with partly by the Ministry of Finance and partly by the Abu Dhabi Investment Board based in London. At the end of last year the market value of the investments it now covers had gone up to about $2bn., compared with about $1.4bn. at the end of the previous year.

During 1975 the proportion of cash held by the Emirate dropped from 28 per cent. to 15 per cent. and the proportion held in equities went up from 17 per cent. to about 35 per cent., most of it invested in Wall Street. The proportion of the total funds held in bonds was slightly reduced and stood at about 40 per cent. at the end of last year.

On the bond side Abu Dhabi's funds are divided between two fund managers, Crown Agents and Union Banque de Suisse, while on equity side Abu Dhabi invests in Wall Street, London and Paris. The rest of the Emirate's investments include a small percentage of gold metal and gold shares, and about 8 per cent. in property, mostly in Britain, France and the U.S.

This year's budget figures have not yet been approved, even though the financial year has already begun, but it is known that the Federation is budgeting to spend Dh.4bn., which is about twice what it actually spent in 1975.

In net terms this money will be provided by Abu Dhabi. It is also known that Abu Dhabi is budgeting Dh.5bn. for its own development expenditure compared with a development budget of Dh.3.5bn. and actual development spending of Dh.2.3bn. last year. If recurrent expenditure of Dh.4bn. to Dh.5bn. is budgeted, which seems reasonable considering last year's allocation of Dh3.3bn. this leaves a surplus of between Dh.3bn. and Dh.4bn., if one assumes a total revenue from oil of about Dh.16bn. (it may be higher).

Political trends now current in the UAE and Abu Dhabi suggest that less money will be disbursed in untied aid than last year which could leave a greater amount for the Investment Authority. The time must be approaching when Abu Dhabi will find that it is able to spend almost all its revenue within the UAE.

Reports

The Emirate is now working on a development plan to cover the years 1977-79 and different departments are now working out their requirements. The Government already has reports from consultants planning water and electricity needs up to 1980 and sewerage for Abu Dhabi up to 1995. Under the consultants Sir Alexander Gibb and Partners expansion of the port is underway and the design of the new airport has gone to Aeroport de Paris. A new hydrological survey is starting this year, which will have a vital bearing on the agricultural future of the country.

Although there is no infrastructural development which has not been fully utilised and cannot therefore be said in a sense to be worthwhile the Government is now turning more and more to productive, revenue generating investments, such as the industrial complex now being put together on the mainland opposite Abu Dhabi Island, and the Ruweis complex which ADNOC is planning for utilisation of the oil and gas resources.

J.B.

Aid

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But the Fund's own disbursements are subject to no such political pressure. The Fund, which was created in 1971, is designed to finance, participate in or guarantee projects which it believes—after its own examination—to be viable, and it is not just confined to Arab countries, as its name would suggest, but covers the whole eastern hemisphere. It now has an authorised capital of $500m., of which about $130m. has so far been paid up by the Government.

ADFAED has so far committed about $160m. in loan agreements and equity participation covering about 20 projects in 12 countries, although so far only about $15m. has actually been disbursed because of the slow rate of project evaluation and the slow speed at which the projects actually get under way. Interest rates charged vary between 3 and 5 per cent., with loans lasting up to 22½ years and having generous grace periods. The projects backed include such things as a power station and desalination complex at Bahrain, a hotel in Egypt, a dam in Jordan and credit for the purchase of railway wagons in Tunisia. Apart from these countries projects have been backed in Bangladesh, Morocco, Mauritania, North Yemen, Somalia, Sudan and Syria. The latest beneficiary is to be South Yemen, getting about $9m. for fishing boats and a geological survey. The emphasis is now switching slightly away from the Arab and Islamic worlds which have so far been beneficiaries towards African countries such as Tanzania, Burundi and Ruanda (all of which have been visited by Fund officials recently) and Malaysia and the Maldives in Asia. But it is likely that in the long term the bulk of the money will be spent in the Middle East.

The projects must all be revenue-producing and the Fund insists on knowing the whole financial plan from the beginning. It then specifies what it will pay for and buys direct from the supplier, not handing over the money direct to the government. Only in two projects—in Egypt and in Tunisia—is the Fund taking an equity stake. The Fund is not permitted by its constitution to participate in more than half of a project, but as the Fund gains in experience and its staff increases there could be a greater trend towards participation.

With the increasing importance of the various Arab funds for helping poorer countries, the Adu Dhabi Fund is finding it more efficient to co-operate with other funds in aid projects and has established a good relationship with the Kuwait Fund, which has 14 years of experience. In recent months the Kuwait Fund and the Arab Bank for African Development co-operated in missions to Mali and the Comoro Islands, and there is likely to be co-operation in project financing, too.

J.B.

UNITED ARAB EMIRATES VIII

An unprecedented economic boom in Sharjah will mean that within the next two years the whole city and much of the Emirate will have been transformed by a rapid building programme. Sharjah's ambition is to match the economic strength of Dubai.

Sharjah

Sharjah's ruler, Sheikh Sultan bin Mohammed al Qassimi, and part of the new developments that are dominating the area.

THE MAIN highway into the town of Sharjah from neighbouring Dubai presents an astonishing spectacle, which is perhaps symbolic of what is happening in the Emirate: on both sides of the road two dozen or so office or apartment blocks are being erected simultaneously in an area where nothing existed before. In a year or two's time the whole city and much of the Emirate will have been transformed by high-speed development based largely on credit. Sharjah is booming, even by UAE standards.

Sharjah's boom began after oil started flowing from the offshore fields in July, 1974, but its modest entry into the oil producers' league hardly accounts for the tremendous scale of economic activity in the Emirate. The drive comes mostly from the Ruler himself, Sheikh Sultan bin Mohammed al Qassimi, who at 37 is the second youngest and one of the best educated rulers in the UAE. Apart from his ambitions to achieve success in federal politics (he has at different times been tipped for the post of UAE Prime Minister, at present held by Sheikh Maktum, son of Sheikh Rashid of Dubai), he is determined, like his predecessors, to match the economic strength of Dubai. Like Dubai his development strategy lies in diversifying away from the hydrocarbon based industries to a broader pattern of economic development, concentrating on commerce and finance.

Because Dubai started sooner and because its oil revenue is very much greater than Sharjah's, Sheikh Sultan has to run rather faster than Sheikh Rashid and to offer potential investors a strong competitive edge. Thus he discourages wherever possible the use of middlemen in business and, except in the case of agencies, does not require foreign investors to take local partners, while the division of participation is limited, as in the case of Abu Dhabi. A free consultation service is available to tentative inquiries from foreign businessmen, and the Ruler is easy to talk to and sympathetic towards businessmen's problems. With a degree in agriculture from Cairo University he has wide knowledge and speaks several languages, including English.

Sharjah's aim is to encourage capital and brain intensive industries (although if its desire in this respect is to reduce the need for foreign labour it still must tolerate large numbers of immigrants to work on the construction of its many projects.) The Emirate already has more graduates than any other State in the union, and there are plans to make Sharjah an education centre. The University of Maryland from the U.S. recently set up a division there, and companies in other Emirates are sending their employees to marketing courses and other business studies in Sharjah. The existence of good schools is a considerable attraction to foreign residents.

Exploration

The motor of Sharjah's economic development is its present oil output and its high hopes of larger hydrocarbon discoveries in the future. Current production is from the Mubarak field to the south east of Abu Musa island, which was taken over by Iran in 1971. Sharjah now gives 50 per cent. of the revenue from the field to Iran, and because of a past dispute with neighbouring Umm al Qaiwain it pays that Emirate 30 per cent. of its own share of the revenue. It was initially thought that the Mubarak field would produce up to 60,000 barrels daily, but technical problems in 1975 cut output back from the 50.000 b d that had been achieved to around 40,000 b d. With the bringing on stream of a new well, output may shortly be up to 50,000 b d.

Offshore exploration prospects are largely in the hands of Buttes Gas and Oil, the production company operating on behalf of the consortium Crescent Petroleum Company, in which Buttes has a 25.7 per cent. stake. Houston Oil and Minerals is also exploring in areas relinquished by Crescent, while Reserve Oil and Gas holds a concession to explore on the eastern coast of the Emirate. Onshore, Sharjah's hopes have been clouded somewhat by the abandonment of drilling in face of high costs by Crystal Sharjah, which had hoped to bring on stream a previously drilled well. The Emirate claims that a new concessionaire for onshore drilling will shortly be announced.

With the Emirate getting no more than 30 per cent. of the revenue from the present producing areas, Sharjah's revenue last year cannot have been more than $35m. or $40m., and that may be an overestimate. The large-scale ambitions of the ruler rest to a great extent on hopes of increased oil and gas output. Despite the help of a $50m. loan organised by Anthony Gibbs in 1974 to help finance infrastructural projects, these projects are likely to place a burden on cash flow greater than the oil income (on present assumptions) over the next two or three years. In fact a cash-flow crisis hit last November, and as well as cancelling some marginal development projects the Emirate handed over its police and courts to the federal Government, disbanded its militia and saved itself an estimated Dh.50m. a year, while getting an estimated Dh.90m., with promises of more, from Sheikh Zaid as a reward for advancing the federal cause. The cash-flow problems may not altogether have gone away, but with the backing of Abu Dhabi Sharjah needs to worry less about them. The view of observers in the UAE is that the federal Government will not let any Emirate that gets into Sharjah's position sink.

Sharjah is due to open its new international airport in October, although the terminal buildings will not be complete for another 18 months. This facility is designed to compete directly with that at Dubai, which will be only about 20 minutes' drive away, but apart from the fact that Dubai's airport is a going concern and thus has a strong hold over the allegiance of its users, Sharjah's airport will be constricted by the need for both fields to come under one air traffic control, for obvious safety reasons, with the result that the traffic which can be absorbed will be closer to that of one airport, not two. The cost of the airport is about £4m. for the runways and £6m. for the buildings and technical facilities.

The Emirate Government does not pretend that it will be able to take away much passenger traffic from Dubai but holds out high hopes of taking a large share of the UAE's air freight traffic. The contract for the management of the airport has gone to an affiliate of Frankfurt airport, which it is hoped may be able to attract extra business, while the technical services are being operated by International Aeradio, in common with other UAE airports. When the new airport is in operation the old one, now served only by Gulf Air and Air Ceylon, will be closed.

Sharjah is busy expanding its port by building a deep-water harbour requiring the construction of a new creek entrance, a £25m. project for which Halcrows are the consulting engineers, Archosi Consortium the contractors. The first two berths are due to open in July this year, six should be ready by the end of next year and, though the final target for the number of berths is uncertain, Emirate officials have talked of going up as high as 18 or 20. Meanwhile berths for two to three container ships are under construction at Khor Fakkan on the east coast where the water is naturally deep. The aim here is to save ships the need to go through the congested Straits of Hormuz.

Lifting

Officials stress that Sharjah is not aiming to compete with Dubai as an entrepot port but rather intends to offer specialised port services which are not specifically catered for in other Gulf ports, such as roll-on roll-off facilities and heavy lifting equipment. Sharjah has recently signed management contracts for its two ports with Seatrain Lines, who have formed a new company named Seatrain Gulf. "We want our ports managed by western standards, not Gulf standards," an official said. "What we want to do is to create an integrated transport system. A shipper can then offload at Khor Fakkan, thereby saving time rounding the Straits, and then choose whether to go on by air, barge or road to the rest of the Gulf. Or a shipper can do the whole thing in reverse, come in by air, and then go on by road or whatever."

Another key field for Sharjah's ambition is its attempt to become a financial centre for the UAE in order to match, if not overtake, Dubai and Abu Dhabi. In this it will soon be facing its first test, following the UAE Currency Board's ruling on offshore banking. Banking in Sharjah is not subject to taxation as it is in Dubai and Abu Dhabi, where taxes vary between 5 and 20 per cent., the current norm. This liberal policy has encouraged an upsurge in the number of banks in Sharjah, and at least 32 are now operating with a total of 49 licensed. But the Currency Board's ruling on offshore banking allows for tax free profits, and thus Sharjah's advantage may be eroded, for other Rulers are thought unlikely to tax offshore banking operations. There could also be a drift towards Abu Dhabi with its vast financial resources.

The pattern of banking in Sharjah has so far been on a smaller scale than in Dubai and Abu Dhabi; with very limited overseas business and total lending making up only a small percentage of that in the UAE as a whole. Not all lending is financed out of local deposits, the balance being met by funds from other offices of the banks and funds from outside the UAE. The public sector absorbs around two-fifths of all lending.

But despite the relatively small scale of its existing operations Sharjah is currently constructing a financial district in the heart of the town.

Sharjah's stock exchange is specifically intended to make sure that wealth is not concentrated in a few hands, though companies like Sharjah Cement, whose plant, with a capacity of 220,000 tons per year, is nearing completion, will not of course go public until the local investors can see positive results from their investments.

The Ruler wants to make Sharjah the tourist centre of the Gulf and has taken steps in urban planning to prevent the town becoming a concrete jungle. A number of park and garden areas have been set aside in the main shopping and commercial areas, and the island in the middle of the lagoon is designed to become a complex of gardens, children's recreation areas and a marina. There is major hotel development going on, with at least five major projects under construction, including an Intercontinental, which will be owned by the Government. Hotel development for Khor Fakkan is also planned.

So much development combined with relatively liberal rules about foreigners buying land has led to massive land dealing, with property changing hands at rapidly escalating prices. Money from other Gulf states, including Kuwait, has poured in, and fortunes have been made. There have also been good opportunities for professional property developing groups.

Headquarters

In keeping with the diversification away from hydrocarbon-based industries, many types of manufacturing industry have been attracted to Sharjah, which is blessed by being at the centre of the UAE's road network. Westinghouse is building a plant, and factories for plastic pipes, paint, construction accessories and detergents are planned. The Emirate has attracted the regional headquarters of several large companies, including Mothercat, 3M, Armco Steel and Hempel Paints.

Meanwhile, the Emirate has hopes of exploiting the mineral potential of the domain, while agriculture is being developed, making good use of the soil of the Emirate and its plentiful supplies of underground water near the mountain areas. Fishing is being expanded and a fishmeal plant is being built. The Ruler's interest in agriculture has given him a strong personal link with Sheikh Zaid, to whose heart agriculture is very close, and this may be an important element in securing Sharjah's ties with the sheet anchor of its development, Abu Dhabi.

K.B.

Hopes of finding oil are high in Ras al Khaimah and have led to property speculation. Like the other Northern Emirates it is developing tourism, light industry and transport.

The North

THE JOURNEY of an hour and a half from Dubai to Ras Al Khaimah is beset with dangers, principally caused by the uncouth driving manners of the lorry drivers on the twisting road. However, the trip is well worth it, for the approach to this, the most northern Emirate of the UAE, *suddenly opens up* to reveal a vista of purple mountains and greenery. Daisies and dates grow along the roadside, and everywhere there are enormous red and black butterflies. The sight of friesian cows and young banana trees comes as a shock after the arid and endless deserts of much of the rest of the UAE. And on Fridays the road is full of picnicking day trippers eager for the sight of greenery.

Ras Al Khaimah is booming, but this time Government *officials* are cautious about the expectations of oil revenue ever flowing into the local coffers. They are keen to stress that the prosperity noticeable in the town follows naturally from all the other developments that are going on, and are not based on expectations of petroleum wealth.

Five years ago Ras Al Khaimah's hopes of becoming an oil producer were equally great. The exploration company, Union Oil, did find small quantities offshore but the find was not considered commercial. The hopes raised, however, were enough to give the Emirate strong second thoughts about joining the UAE and it only came in, nearly three months after the others, when it was clear that the oil hopes had been exaggerated. The flurry was anyway enough to trip off land speculation.

To-day history is repeating itself. There is a feeling of expectancy in the Emirate, and again the land speculators have moved in. But Government officials are now talking about "when" rather than "if" oil is found.

Union's drilling operations were centred off the northern part of Ras Al Khaimah, and following an extensive seismic survey of the whole offshore coastal area, Vitol, the new concessionaire, decided to drill in the southern area first. Drilling operations began last September and have now reached 14,500 feet in the first well. The company is planning to go on to 16,000 feet. Having spent at least $12m. Vitol is extremely confident that this southern area will prove to be a *commercial oilfield*, and already a second rig is on its way. Plans for the future include third and fourth wells in the northern areas. The second rig is due to be in position in six months time.

Experience

The previous experience with oil has led the Ruler, Sheikh Saqr bin Mohammed al Qassimi, to seek other ways to develop the State, and one of the largest projects is the port, which is being constructed at a cost of £44m. by a Lebanese and Greek combine. The Government intends to develop it largely as a transit port for goods destined for Saudi Arabia. Saudi ports are suffering considerable congestion, and Ras Al Khaimah hopes to encourage shipping services to come there, and off-load on to barges for the small east coast harbours in Saudi Arabia. The British group Gray MacKenzie is to manage the port, and the first of nine berths should be completed in June next year.

The Ruler of Ras Al Khaimah, Sheikh Saqr bin Mohammed al Qassimi.

Other developments include an extension to the cement factory to increase production from 700 tons a day to 2,000 tons a day. The Ras Al Khaimah Government has a majority stake in the plant with 10 per cent. held by Abu Dhabi and 25 per cent. of the shares held publicly. Rocks for the construction industry are already being exported to Saudi Arabia by the Jubeil Consortium group and this trade is expected to increase.

In March Ras Al Khaimah opened its international airport, which is capable of handling any aircraft. This £5m. project has met with scepticism in the UAE, and as yet the only airline flying there is Kuwait Airways with a weekly service. Gulf Air, in which Abu Dhabi has a stake, has not announced its intentions so far. The whole project is very much a gesture of Sheikh Saqr's faith in the future, but the Ruler is also hoping to develop Ras Al Khaimah as a tourist centre of the Gulf. Already it has the Ras Al Khaimah hotel with its casino (the only one in the Gulf), but plans are advanced for an Intercontinental Hotel. The hotel will have 250 rooms and is to be built by Lebanese contractor, Mothercat. Kuwaitis are also financing a second 300-bed hotel to be managed by the Marriott Hotels group.

Kuwaiti investment is heavy in Ras Al Khaimah, with an asbestos factory and a sand brick factory being built at a cost of nearly £7m. each. The Kuwaitis are also supporting the project to create the National Bank of Ras al Khaimah, 20 per cent. of whose capital is to be held by the brother of the Crown Prince of Kuwait, 20 per cent. by the Ras Al Khaimah Government and 60 per cent. from public subscription.

Although there is considerable private investment being poured into the Emirate by Kuwaitis, Ras Al Khaimah traditionally has close links with Saudi Arabia, which is believed to have provided finance for the airport.

It is a measure of its independence that the ruler recently said he had no intention of handing over to federal control its defence force, which numbers 900 men, but officials emphasise that the force is merely defensive.

Although Government officials point out that the ruler has confidence in the federation for the economic benefits and stability that it has brought, Ras Al Khaimah has opted to go it alone on several projects. Apart from producing its own elecricity it is buildings its own hospital, and officials hasten to point out that the financing for many of the projects comes from outside sources, not from UAE sources. There was a demonstration earlier this year when local residents protested against the new nationality law which was passed in Abu Dhabi granting UAE nationality to residents of seven years standing. A more serious demonstration took place earlier when the villagers of Sham in the mountains came to protest that electricity had not been brought to their village. The result of that demonstration was one dead and 14 seriously wounded.

There is an air of hope and expectancy, too, in the Emirate of Umm Al Qaiwain, perhaps the most beautiful fishing village on that coast. Zapata (Umm Al Qaiwain) Exploration, a consortium made up of United Refining, Canadian Superior, Asamara Oil, Kewanee, Panhandle Eastern and Zapata Exploration, has now reached a critical stage in drilling on the *offshore* concession. Progress has now reached the 14,700 ft. level, and within the next two weeks or so the company will reach the crutaceous level where oil could be found. Zapata is planning to go to 17,000 ft. and has already sunk £3.2m. *into the wildcat well*. Drilling has been going on for 95 days so far, and the air of expectancy in the Emirate has generated considerable interest by foreign investors. Already two hotels are planned on the beach, one financed by the UAE Development Bank, and land values have rocketed. The local municipality is now catering in its designs for a population of 50,000 in five years' time, more than double the existing total.

Concession

Away on the east coast Fujeirah remains perhaps the sleepiest Emirate, and although the road to it is almost complete one has to ask for the international service to telephone there, for Fujeirah is not yet connected to the UAE telephone system. The Reserve Oil and Gas company of Denver, which holds the offshore concession, is due to start drilling at the beginning of next year, and onshore the Government is still negotiating with a number of potential concessionaires. Perhaps the most startling development is the 220 bed Hilton hotel, which is being built with the help of the UAE Development Bank. The local government is also studying the possibility of building an airport with financial help from Abu Dhabi, and also a port. Sheikh Hamad bin Mohammed al-Shaval is, at 23, the youngest ruler in the country, and has been at Mons Officer Training School and Hendon Police College. He is attempting to turn Fujeirah into a tourist area and agricultural region. Most of the citizens are still engaged in agriculture or fisheries. The federal Government has also built 450 houses in various villages, and within a month the road from Dhaid to Fujeirah will be completed. Roads are also being built to connect Masafi, Zaid and Duba. However, Fujeirah still has great hopes for minerals, and is anxiously awaiting the results of a survey by Hunting Surveys.

In Ajman, the largest development is the mini dry dock which is being built by six Japanese companies, including Mitsui and *Nippon Steel. The capital* for the project is £6.6m. and the first stage is due to be completed in November. The dry dock is designed to handle small cargo vessels, and is financed by the Ajman Government which holds 25 per cent., Japanese interests with another 25 per cent.; the remaining 50 per cent. is held by UAE shareholders.

The Ajman Arab Bank opened up last year and is planning to move into a new ten-storey block shortly, which will be the town's first large-scale office development. The Bank is 40 per cent. owned by the Government of Ajman, 40 per cent. by the W. F. C. Corporation and Associates (a Miami-based banking concern) and 20 per cent. by public subscription. Authorised capital is Dh.10m. (£1.3m.).

Other developments include a hotel on the beach, which is being financed by the UAE Development Bank and the construction of 167 luxury villas each with swimming pools.

K.B.

Dhow builders at work in Ras Al Khaimah.

The oil boom

Oil revenues continue to flow into the three oil-producing Emirates, but each handles the oil companies in a totally independent way.

DUBAI LAST year startled the oil producing world by presenting its new agreement with its offshore production consortium as if it amounted to 100 per cent. participation, and was thus the first such agreement by an Arab state in the Gulf—an implied rebuff not just to Saudi Arabia and Kuwait but also to Abu Dhabi, which was then formalising its decision not to go beyond 60/40 participation with the two big oil producing groups in the Emirate.

As details of the Dubai agreement began to leak out it emerged that only by the most skilful casuistry could the Dubai agreement be called 100 per cent. participation or nationalisation. But it served to emphasise the lack of unison between the three oil producing members of the UAE—Abu Dhabi, Dubai and Sharjah—who nominally come under the UAE's single membership of OPEC. The UAE Ministry of Petroleum is, as officials there freely admit, a "paper ministry," designed for the days when federal unity is stronger. So far it has ventured to ask Dubai and Sharjah how much their production is (without trespassing on to the ground of inquiring what the two Emirates' oil revenue is). It also asks them to implement OPEC resolutions and has offered to help both them and the other Emirates which are searching for oil by giving them the benefit of Abu Dhabi's experience in dealing with the oil companies.

But so far the response both from the oil producing and oil seeking Emirates (which means all of them except for tiny Ajman) has been minimal, for the simple reason that they regard oil as something which gives them, or could give them, independence of Abu Dhabi and its federal ambitions. In fact Dubai's dry dock project will be in direct competition with the OAPEC facility being built at Bahrain, in which Abu Dhabi, through its membership of that organisation, has a stake.

In Abu Dhabi relations between the two major producing groups and the Government are now proceeding smoothly after an unhappy chapter last year. For the Government a tightrope has to be walked between nationalist and outside pressure for the State to have total control of its hydrocarbon resources and to develop an indigenous oil industry, and the need to maintain output and develop new fields. The 60:40 per cent. State participation appears for the moment to be a satisfactory compromise.

Abu Dhabi officials freely admit that the Emirate is in a different position to Kuwait and Saudi Arabia, both of which have acquired, or are in the process of acquiring, 100 per cent. of their oil industry, and to Qatar, which has declared its intention of full nationalisation. Because of the need for exploration and because of the technical difficulties of production on some of the offshore fields, Abu Dhabi feels that it needs the oil companies to invest in the Emirate's petroleum resources. Without being able to invest the oil companies would not have the same degree of commitment to Abu Dhabi—indeed they might not be prepared to develop or explore for oil at all. The situation is different in Kuwait and Saudi Arabia where exploration is either effectively over, as in the former, or is less vital, as in the latter. And both States, Abu Dhabi argues, have large numbers of their own population trained in the oil industry, whereas Abu Dhabi, despite its rapidly growing Abu Dhabi National Oil Company (ADNOC), has very many fewer.

Few people in the oil consuming countries would disagree with those arguments, but Abu Dhabians anticipate that they will come under pressure as time goes on, both in OPEC and at home. So far they hope that they will be able to preserve the elements of compromise by slightly increasing the State's stake. The Emirate's petroleum officials know only too well the chain of events which led to their reaching the 60:40 compromise. Mr. Saeed Mana al Oteiba, Minister of Oil of the UAE and, in effect, Abu Dhabi as well, had declared in December, 1974, Abu Dhabi's intention of taking a 100 per cent. stake in the two main producers, in which it had enjoyed 60 per cent. participation since the beginning of that year.

Difficulties

The major difficulties in Abu Dhabi's relations with the oil companies began after 1973-74 rise in prices. With the drop in demand competition between the oil producers became merciless, concentrating on the discounts which it was possible to offer by means of the unresolved issue of sulphur and gravity premiums. The companies pressed for decreases in premiums and Abu Dhabi replied by fixing production limits. The onshore producer Abu Dhabi Petroleum Company (ADPC) was limited to 900,000 b/d and Abu Dhabi Marine Areas (ADMA) to 420,000 b/d, making a total of 1.32m b/d, compared with previous production rates of nearly 1.7m. in toto. In the event the companies cut output below the levels set, getting down to 820,000 b/d in January, 1975 and 728,000 b/d in February.

Faced with a sharp drop in oil revenue and the possibility of having to cut back on spending, Abu Dhabi in February, 1975 obtained permission from OPEC to cut its premiums, lopping about 50 cents off the posted price of a barrel. Production immediately rose again and the Government fixed a new average ceiling for ADPC and ADMA of 1.5m b/d, which in some months was exceeded.

The present production limit gives a total for Abu Dhabi of 1.6m b/d, made up of ADPC at 1m. b/d, ADMA at 450,000 b/d, and Abu Dhabi Oil Company (ADOC) and Al Bu Koosh making up the remaining 150,000 b/d. ADPC, a consortium composed of ADNOC (60 per cent.), British Petroleum (9.5), Shell (9.5), Compagnie Francaise des Petroles (9.5), Exxon (4.75), Mobil (4.75) and Partex (2), has installed capacity of 1.28m. b/d, but last year it was observed that large quantities of gas were being brought up with the crude, and ADNOC and the government insisted on the production ceilings of 1m. b/d while two firms of consultants were brought in to carry out reservoir studies (as they are in ADMA's areas too).

ADPC hopes that when the studies (in which it is co-operating, providing information on the basis of its years of experience) are complete it will be allowed to increase production again. But, meanwhile, the investment required to keep production at its present level is not considered excessive despite the need to instal water injection capacity. Tax paid cost of an equity barrel of Murban crude (from ADPC's biggest field) is $11.322 (allowing 30 cents per barrel production cost). ADNOC markets half of its 60 per cent. share at $11.918 per barrel, selling the other half at the same price to ADPC. This means ADPC is lifting in an equity: buy-back ratio of 4:3, giving an average acquisition cost of $11.577 per barrel, which yields a margin of 34 cents per barrel, comparing favourably with company margins elsewhere in the OPEC area.

ADMA, however, is in a less fortunate position because the complex structure of the fields is requiring heavy investment —estimated at $1.5bn. over three years—both to maintain output at its present level and to allow a production increase to 680,000 b/d. With a production cost of about $1 per barrel, the members of the ADMA consortium—who are, apart from ADNOC, BP (14⅔ per cent.), CFP (13⅓) and Japan Oil Development (Jodco) (12)—have displayed a reluctance to put up the extra capital required. Jodco, which bought its stake in ADMA from BP in 1972 for $780m., has announced that it lost $57m. after tax and royalty payments in 1975. Having already accumulated losses of $42.5m. in previous years, the company had an operating surplus of $143m., but interest charges absorbed $45m. and tax and royalty payments to the Abu Dhabi Government a further $133m.

Cash flow problems with ADMA were such that last year the consortium was allowed an extra 30 days' credit to pay for liftings and was allowed a special depreciation allowance for its 1975 investment. Abu Dhabi is reluctant to allow the same concession this year—preferring to regard it as a one-off concession—but it is clear that some kind of agreement will have to be reached, possibly involving a rearrangement of company stakes in the light of their different levels of willingness to invest in the field. Negotiations are going on.

In the case of the Abu Dhabi Oil Company (ADOC), which is owned by Maruzen, Daikyo and Nippon Mining, the Government has not taken up its option to a 51 per cent. share as the company is still operating at a loss, producing around 20,000 b/d from an offshore field relinquished by ADMA. ADOC had expected the field to yield 100,000 b/d and spent $160m. on developing it to that level. The Government has also shown no interest in taking a stake in the Al Bu Koosh Oil company, whose production in the early part of this year was between 70,000 and 80,000 b/d.

Meanwhile, ADNOC itself has taken over a large part of the role formerly performed by the Abu Dhabi Petroleum Department. Although hampered by a shortage of trained staff it has had an influx of Algerian expertise following the appointment of Mr. Mahmud Hamra-Krouha, formerly of Sonatrach, as its head. The Algerians appear to have given the company a more aggressive outlook and ADNOC is marketing its full 30 per cent. share of the output from the ADPC and ADMA-operated areas. This followed a drive to establish new markets in which ADNOC has been able to offer contracts covering sales for up to four years. When it meets the operating companies in September to discuss what share it will market next year it says that it intends to ask for 40 per cent. and believes it could market the full 60 per cent. in view of the low sulphur content of the oil and the low premium.

On the industrial side, apart from the gas utilisation projects described elsewhere, ADNOC has the task of drawing up plans for an industrial complex which it is planned will be built around the NLG plant at Jebel Dehana over the next 15 years. It is working on a refinery project in Pakistan and has a stake in the SUMED pipeline in Egypt, which bypasses the Suez Canal.

With the opening last month of the refinery at Umm an-Nasr island near Abu Dhabi, ADNOC may be able to cut down its import of petroleum products from Kuwait with which it supplies the domestic market. The refinery, which has a capacity of 15,000 b/d, was built at a cost of about $50m. using British equipment almost entirely. But there are fears in ADNOC that demand is increasing so fast in the Emirate (where it has a marketing monopoly) that imports may still be necessary, and the company is looking ahead to the building of an export refinery with 200,000-300,000 b/d capacity, which would also serve the home market. Whether this refinery would be at Umm an-Nasr or Jebel Dehana has not yet been decided.

The heavy hand of the State is a good deal less obvious in Dubai's oil production. There the Dubai Petroleum Company, operating on behalf of a consortium in which it has a 30 per cent. stake (being a wholly-owned subsidiary of Conoco), has pressed ahead with exploration and development since production began in 1969 at the Fateh Field, with South-west Fateh coming on stream in 1972.

However, output has been dogged by major fires, one of which began in October 1973 and brought production, which had stood at 287,000 b/d in September of that year, down to an average of 220,000 b/d for the year. Last July, as production was edging back upwards again, there was a major blow-out, leading to a fire which raged on for several months. Initially, the gas blowout prevented all output for nine days and caused a major diversion of effort from other projects. During December production recovered to 276,000 b/d but the annual rate was kept at 254,000 b/d. But despite the problems caused by the fire production is now thought to be around the 300,000 b/d mark, albeit reaching that milestone much later than had been anticipated.

The Dubai consortium, which is composed of DPC (30 per cent.), CFP (50), Deutsche Texaco (10), Dubai Sun Oil (5) and Wintershall (5), has naturally faced high investment costs in the field. This fact appears to have been at the root of the agreement which was reached with the Ruler of Dubai last July. From what has emerged the Emirate takes no stake in the company, but in order to compensate the companies for their past investment in Dubai (put at $110m.) they were paid it back in one year instead of ten, and are able to depreciate future investment over three years instead of ten. Only in the sense that the investment will belong to the Government when it is fully depreciated can this be called "nationalisation."

In offshore areas relinquished by DPC, Texas Pacific Dubai, a consortium in which Texas Pacific has 50 per cent., is drilling two wells, while it is also studying an onshore area.

Sharjah's offshore operations are conducted by Crescent Petroleum operated by Buttes Gas and Oil, which has a 25.7 per cent. stake in the consortium with Ashland Oil (25), Skelly Oil (25), Kerr McGee (12.5), Cities Service (10) and Juniper Petroleum (1.8). It was initially hoped that the Mubarak Field near Abu Musa island would produce up to 60,000 b/d but technical problems last year cut output from the 50,000 b/d that had been achieved to about 40,000 b/d. But a new well should be bringing production up to 50,000 b/d.

Houston Oil and Miner[...] also prospecting offshore, [...] Reserve Oil and Gas has a [...] cession on the east [...] Onshore, however, [...] Sharjah has abandoned dri[...] operations.

In Umm al Qawain, which [...] 30 per cent. of Shar[...] income from the Mubarak [...] Zapata Exploration is dr[...] down to 15,000 feet onshore [...] al Khaimah, in which oil [...] discovered, but not in com[...]cial quantities, in 197[...] extremely optimistic [...] drilling now going on at 1[...] feet offshore by the Dutch [...]cern Vitol. Already $12[...] reputed to have been spent [...] Fujeirah Reserve Oil and [...] holds a concession. Each [...] these little States doub[...] relishes the freedom of [...] that oil discoveries have g[...] Dubai and Sharjah.

Education

Money is being poured out, with schools established in the remotest areas. Demand for foreign teachers is increasing. But social pressures lead to a high drop-out level.

[ED]UCATION IS the largest [sing]le item in the UAE budget. [Min]istry officials freely admit [that] they are in an enviable [posi]tion as their annual budget [esti]mates rarely generate close [scru]tiny by the various com[mit]tees that they have to pass [thro]ugh. *And, of course, Sheikh* [Zai]d passes it unquestioningly, [as] education is high on the [UA]E's list of priorities.

[A]ccordingly, expenditure has [rock]eted from *Dh.89m. in 1973* [to Dh.]321m. in 1974 and up to [Dh...]m. last year. The 1976 [cur]rent expenditure is esti[mat]ed to be in the region of [Dh.]600m. and this excludes the [dev]elopment projects planned [by] *the Ministry*. The develop[men]t budget for Abu Dhabi [alo]ne is around *Dh.382m.* this [yea]r.

[T]he UAE had to catch up [fro]m having almost no facilities [...] years ago when a mere 81 [pup]ils received education in [Ab]u Dhabi to the present coun[try]'s total which numbers more [tha]n 61,000 pupils. By 1980 [it] is expected that the UAE [ed]ucation system will be hand[lin]g more than 82,000 pupils.

[C]ertainly, without the federa[tio]n between the states, educa[tio]n would not have been [bro]ught to all the remote [cor]ners of the Emirates, for in [ac]cordance *with* Sheikh Zaid's [po]licy of not forcing Beduin [to] move into the towns, schools [ha]ve had to be set up in the [m]ost distant areas near Beduin [en]campments. The Northern [E]mirates were slightly ahead in [th]e *educational field when the* [U]nion was set up five years [ag]o owing to the British [pr]esence there, and subse[qu]ently the greatest develop[m]ents and projects have been [p]loughed into Abu Dhabi itself. [T]hus 76 *government schools* [h]ave been set up in the capital, [c]ompared with 31 in Dubai, [w]hile Sharjah has 29, Umm al Qaiwain 4, Fujeirah 8 and Ras Al Khaimah 26.

When the federation was formed education was made compulsory for children up to 12 years. Government officials feel there is little need to extend this age limit in view of the incentive payments which are made to parents to encourage them to keep their children at school. For every child in the kindergarten, the parents *are paid Dh.40 a month* and these payments increase with the child's age up to Dh.150 for a pupil at the sixth-form level. If the student then goes on to higher-level education institutes such as the vocational *training schools in the fields* of agriculture, engineering and commercial studies, then the amounts can go as high as Dh.280 a month.

Inducements

Yet despite these monetary inducements, a disappointingly large number of students are continuing to drop out at the intermediate level after the compulsory age limit. Officials point out that *part of the drop-out* is caused by girl students who leave school and get married. However, the major reason is that parents decide their sons should earn the massive sums available working *in a salaried job rather than* continuing to stay on at school. Drop-out statistics are dramatic. From a total of 46,513 students in the primary education level, the intermediate stage only registered a total of 7,297 *students for the last fiscal year.* From then the figures decline to 2,545 students continuing in the secondary level with only 296 at the vocational training *institutes. It is estimated that* two-thirds of the students who drop out are nationals.

More encouraging results can be seen in women's education. The UAE adheres to strict Islamic codes regarding women and rarely are local women seen working outside the home. But in the new girls' schools which are springing up in the country, the mask and black veil are hung up outside the classroom door. The intake of girl students is slowly improving. In the year *1969-70* there were only 7,698 female students out of a total enrolment of 13,081 but by last year the number had gone up to 27,021 out of a total of 61,803. However, the statistics for higher level education are not so *encouraging and reflect* the local population's belief that the woman belongs in the home. In the secondary level only 995 girls stayed on compared with 1,548 boys. None went on to any of the vocational training centres, though there are a few girls who managed to continue *their studies outside the* country, usually to countries *with* similar social systems such as Kuwait. There were 74 such girls studying at higher level colleges in Kuwait, compared with 34 in Britain and only 12 in the United States. The pressures to marry are unlikely to *ease rapidly, though it is fore*seeable that the Abu Dhabi woman will progress to the status which has been slowly acquired by women in Kuwait, more and more of whom are going on to universities and even appearing in *qualified jobs in* government departments. However, such progress may still be years off, though this process could be considerably hastened by the presence *in the UAE of* Palestinian, Egyptian and Lebanese women.

The most exciting educational project in the UAE this year is *the university planned for Abu* Dhabi. Though still very much in the planning stage, the university will be opening with four faculties dealing with com*merce* and *business studies*, engineering, teacher training and either petrochemical or agricultural courses. The first 300 students will be taken in this year in converted *buildings* scattered around Abu Dhabi, but the plan is to build a complex of buildings with a unified campus. Although no cost can be *estimated as yet, it is thought* that initial expenditure, without any construction, will total Dh.35m.

Scrutiny

The whole future of this new university will, like so many other large scale projects, come *under Gulf scrutiny.* Any further plans will be made in *conjunction with other Gulf* states, so as to avoid duplication. *Kuwait already has a* university with three faculties, and Qatar and Oman are also setting up theirs, so Abu Dhabi's plans will be very much moulded by other countries' needs and development plans. However, education officials say Abu Dhabi's university will handle 3,000 *students in four* years' time.

Such is the expansion in the educational field that the number of teachers required in the UAE will almost double by 1980. Teachers in the government schools are recruited from Egypt, Jordan and amongst the *Palestinians. Foreign Arab* nationals are much attracted to the UAE salaries. For a teacher with a degree, the Government pays up to Dh.5,000 a month *(£666)* with accommodation and transport provided. There are, however, a number of teacher training institutes being created in the country. One will open in November at Al Ain where 400 students will be taught and boarded, but so far the career of teaching has failed to attract many UAE nationals. By 1980, the country will need over 7,000 teachers and as with other Gulf states it looks as if the country will continue to import its teachers.

With the demise of Beirut as the educational centre of the Middle East, many UAE *students have been obliged to* go to other Arab countries, *especially Egypt, for university* training. Most of the students, or rather their families, opt for the Islamic countries in the Arab and Third World, but an increasing number are being taught in the West. There are 184 studying at British universities and 165 in American *colleges. However,* the Americans are attracting growing numbers of students, *for* their universities accept the UAE secondary certificate as the entry qualification. For entrance into the British centres, students *normally have* to spend another year or so *acquiring their "A" levels.*

UAE education officials find the Americans much more welcoming to their students, and certainly far more aggressive in *their overtures to the Ministry.* "We are always receiving someone from the University of Arizona or California or somewhere. We see very little of *the British university officials,"* said the under-secretary of the Ministry. However, a number of British polytechnics have accepted UAE students on a probationary basis before accepting them as regular stu*dents, and at the moment* Crawley, Hastings, Brighton and Oxford technical colleges are taking in UAE students.

So despite its enviable budget, there are still problems in the educational scene in the UAE. *The drop-out level is* serious, and the literacy rate has only increased from 3 per cent. to 10 per cent. over the last few years. But adult education classes have proved very successful and there are more *than 11,000 people taking even*ing courses, mainly learning to read and write. As Sheikh Zaid well appreciates, the future of the UAE lies in the ability of its minority nationals to run the country efficiently in the future.

K.B.

Abu Dhabi has agreed with the oil companies the terms of a first stage plan for onshore gas utilisation. Meanwhile the first products from the new offshore plant should leave at the end of the year.

Gas

AFTER MONTHS of tense and, at times, even bitter negotiations an agreement was *finally* signed on April 1 between the ADPC shareholders and the Government of Abu Dhabi to go ahead with the first part of *a major project to harness Abu* Dhabi's associated onshore gas, which is at present almost all flared. Although the details have not yet been fully worked out the agreement covers a project estimated to cost $760m. to extract *natural gas liquids* (NGL).

In broad terms the Government and oil companies appear to be going ahead with a scheme *originally put forward by ADPC* at Abu Dhabi's request in 1973. The main sticking point in the negotiations appears to have been the question of financing, with the companies making up ADPC determined to borrow 70-80 *per cent. of the* capital required for the project rather than finance the whole scheme out of equity. This was interpreted by ADNOC as indicating a lack of commitment on their part, and at one point it looked as if ADNOC might be told to go ahead with the project on its own.

However, the Abu Dhabi Government appears to have decided that it needed the expertise and goodwill of the oil companies in the project, and it instructed ADNOC to *negotiate* with this in mind. The outcome is that the project is to be owned *in* the same proportions of 60:40 as ADPC, and that borrowed funds will account for about 75 per cent. of the capital, with equity *making up the rest.* This suggests that the companies' equity commitment will, at 40 per cent. of 25 per cent., amount to about 10 per cent. of the overall investment, of which a substantial part will be in the form of plant and equipment which the companies have already ordered and paid for.

The project is to harness the natural gas liquids (butane, propane and natural gasoline) from the three fields of Bu Hasa, Bab and Asab. It is estimated that, if the fields were operating at their full capacity of 1.28m. barrels of crude per day, the output of associated gas would be about 1.07bn. cu.ft. per day, *from which an estimated 185,000* b/d of NGL could be extracted. It is anticipated that the latter *would mostly be sold in Japan.*

According to ADNOC the second stage, on which agreement has apparently not been reached yet, consists of two alternatives: the tail gas (methane and ethane) remaining could *either* be shared between use in Abu Dhabi power stations and new LNG *plants, or partly used in the* power stations and partly *pumped back into the reser*voirs for utilisation as the feedstock for a new LNG plant to be built at a later date. *No* decision has apparently been *reached on this, and much* depends on the eventual configuration of the industrial development which is being planned for the Ruweis area.

*Meanwhile, the gas liquefac*tion plant on Das Island, which *is* to utilise the gas at present being flared from the Zakum and Umm Sheif offshore fields, is now nearing completion. The first cargo of finished products is likely to leave for Tokyo, the sole market, around the end of *the year. The plant, which was* started in 1973, is being built *by Bechtel* and Chiyoda Chemical Engineering for the Abu *Dhabi* Gas Liquefaction Company (ADGLC) at a cost now expected to have reached about $530m. by the time the first cargo leaves.

Sulphur

ADGLC is now owned *by* ADNOC (51 per cent.), BP (16.3), CFP (8.2), Mitsui (22.1), and Bridgestone (2.4), following ADNOC's raising of its stake from 20 to 51 per cent. BP has a supervisory role in *the project, which is the com*pany's third biggest development at present after the North Sea and Alaska. The plant is being financed in a 20:80 equity:debt ratio, and a major lender to the project is Mitsui *which has put up $250m.*

The project is designed to produce about 2m. tons per year of LNG and 1m. tons of LPG for delivery to the Tokyo *Electric Power Company* (TEPCO); plus 220,000 tons per year of light distillates and 230,000 tons per year of pelletised sulphur. The products will be *shipped to Japan in four* specially designed LNG ships on 20 year charter and in three LPG carriers. ADNOC has also taken a 51 per cent. share, with Japanese interests, in this part of the operation.

TEPCO, which is to have the *benefit of the sulphur-free gas* for 20 years, has recently signed a new agreement on the price it is to pay, replacing the old one which was reached before the 1973-74 oil *price rise.* The floor price is to be marginally below $2 per 1m. BTU *(cif) but will* be related to the price of crude oil, so that it can be expected to rise as the price of crude increases. However, ADGLC *has yet to reach agreement with* Abu Dhabi on the price at which it buys *gas* at the plant gate, since under the original agreement it was to have been supplied at cost. The plant gate gas price is likely to be related to the profitability of the overall venture. The 49 per cent. *holders in the company have a* tax holiday for five years, but will then start paying tax at the ADNOC rate of 55 per cent.

The question of the price paid *for the gas at the plant gate will* also affect the onshore project, *following the decision of the* Government earlier this year formally to nationalise all Abu Dhabi's gas resources. It is anticipated that the same kind of profit-related formula will be reached, allowing the operators an incentive for efficiency.

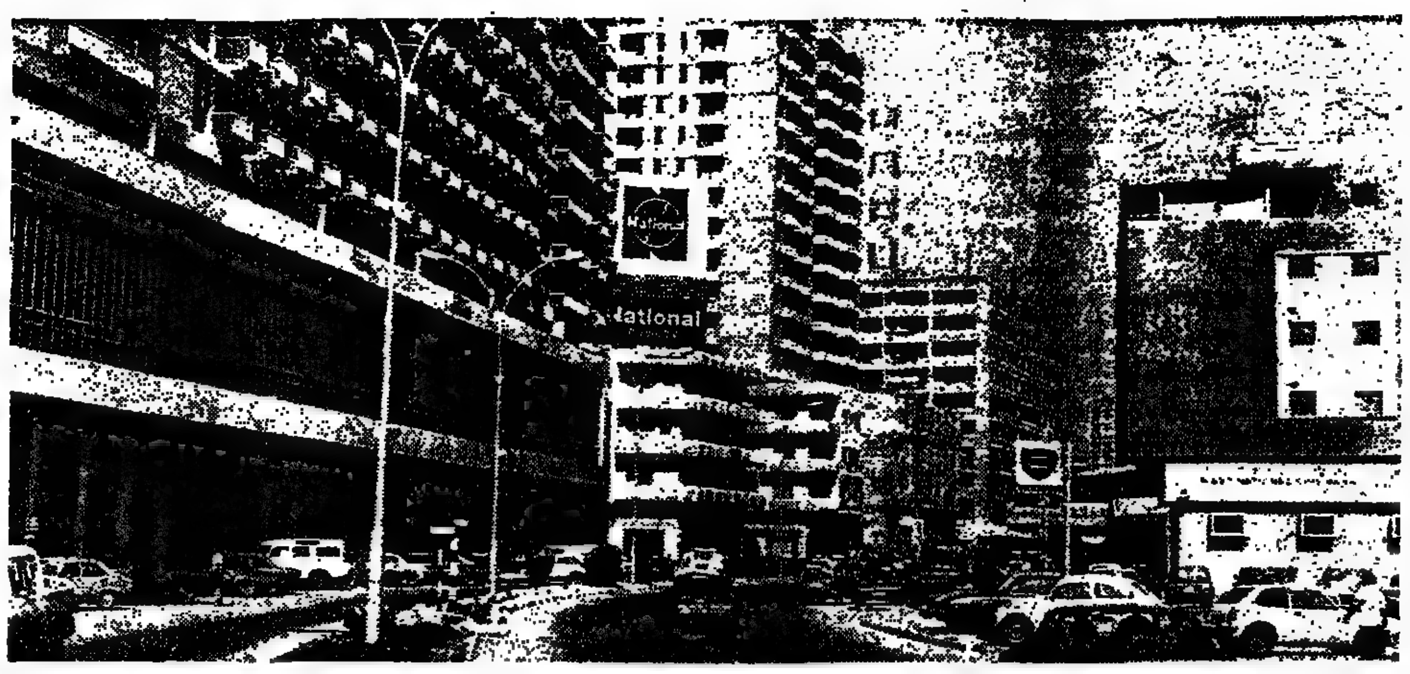
In Dubai, whch has so far chosen not to ask Abu Dhabi for a share of its enormous quantities of gas, work is going on in building an LPG plant at Jebel Ali which will take the associated gas from the Fateh and South-west Fateh fields and *purify it. The plant, which is* being built by Sunningdale Oil and Gas, at a cost now put at between $200m. and $220m., is due to come on stream at the *end of 1978. It is anticipated* that on present form 130m. cubic feet of gas will be gathered offshore per day, making for an output of finished products of 62m. cubic feet per day or 750,000 tons a year. Almost *all of this will be absorbed by* the aluminium smelter to be constructed nearby, and unless more gas is discovered there will be little if any for other projects.

J.B.

A property boom is in full swing. Rents are high and liable to increase suddenly. Construction charges are increasing and demand is growing. The Government is currently trying to find a way of allowing nationals a profit while keeping rents steady.

Property

THE MOST controversial talking point among foreign residents and businessmen in the UAE is rents. The property scene in the country is completely out of control and the Government is in the peculiar position of wanting to see its citizens profit from their property, and yet somehow keep rents at a realistic level in such a way as not to interfere with its policy of unrestricted free enterprise. However, it is some measure of progress that the rents situation is considered a problem at all. The Government has realised that the large increase in rents has led to considerable hardship to lower paid immigrants and has certainly contributed to higher wage costs and an increase in the rate of inflation.



Results of the property boom in Dubai.

Anxious

The rent situation in the UAE is, in a way, a result of the whole structure of the society, for the rulers of the individual Emirates are naturally anxious to ensure a profitable living for their nationals. And one of the easiest ways to do this is to parcel off chunks of property. In all the Emirates a foreigner is forbidden to buy land, and land sales are restricted to UAE and Gulf nationals. From then on, a national has various ways of developing his property, including through the UAE Development Bank, which offers low cost loans to citizens of any amount up to Dh.500,000. In Dubai, the Dubai Development Council, supported by Sheikh Rashid, enables citizens of the Emirate to borrow any sum up to Dh.10m. at 1 per cent. interest. Many citizens have turned to the commercial banks naturally incurring a higher rate of interest and less time in which to pay back the loan. This has led some local citizens to increase rents in order to pay back within the two or three year period. Most banks in the UAE, particularly in Dubai, refuse to touch this kind of financing, but others have made a speciality of it.

There have been many, and increasingly frequent, incidents of tenants suddenly being told by their landlords that next year their rent is going to be doubled. The only way to ensure that one's rent does not go up by astronomical percentages each year is to sign a long-term agreement when taking on the tenancy, but the chance of getting a five-year tenancy now is very slim. Furthermore, the tenant may well be asked for a year or event two years' rent in advance.

One of the reasons why Dubai may blossom as the UAE's financial and trading centre is that at least accommodation is available, unlike in Abu Dhabi. In recent months more property has come on to the market in Dubai, but a villa may still be let at anything from Dh.30,000 to Dh.90,000 a year (£4,000 to £12,000 p.a.). In Abu Dhabi, the prices are even higher, some sources estimate 20 per cent. more, and office accommodation extremely difficult to find. One European Embassy has ensconced itself in the Abu Dhabi Hilton while it looks for office premises—the prices are virtually the same.

The landlord's argument is, of course, that the cost of construction has rocketed, and certainly labour costs have doubled in the last two years. One estate agent estimated that it cost Dh.5.8m. to construct a block of 24 apartments.

In other Emirates, the situation is surprisingly the same. A villa in Ajman can cost Dh.45,000 a year, while in Ras Al Khaimah there is a great deal of land speculation going on, not just in anticipation of oil revenues but as a result of general boom conditions. Umm al Qaiwain is also seeing the start of land speculation as rumours continue about the alleged discovery of oil in commercial quantities off the coast.

The UAE's welcome to Gulf nationals in property dealings has led to considerable investment in the country, particularly by Kuwaitis. In Ras Al Khaimah, Kuwaiti investment is particularly high where several factories and a hotel are being built.

The sharp rises in rents are due not only to the shortage of accommodation but also to the tremendous increase in demand which has occurred in the [...] few months, particularly si[...] Beirut has dissolved as [...] business centre. No one ce[...] has scooped up Beirut's resi[...] for the foreign companies [...] had previously made their he[...] quarters in Lebanon have [...] spread between Athens [...] Bahrain. Bahrain's accomm[...] tion problem is thought to [...] more acute than the UAE's, [...] many companies have opted [...] come to Dubai. The Dubai [...] Estate company, one of the [...] firms to get into the prop[...] business, reckoned that Du[...] was still seriously short of o[...] accommodation, and said th[...] received at least six plead[...] telephone calls a day from c[...] panies desperately searching [...] space. The booming prope[...] market has encouraged est[...] agencies to spring up, the la[...] of which is Winkworths of L[...] don, which came to Dubai [...] months ago.

Local Emirates are beginn[...] to realise that rents are bec[...] ing a problem, and She[...] Rashid of Dubai has opted [...] build a large number of [...] cost houses for rent at ab[...] Dh25,000 a year. A commit[...] had been set up to hear cla[...] of exorbitant rent increases [...] tenants, but as the committe[...] comprised mostly of local la[...] lords it is little used. The pr[...] lem is beginning to take its t[...] for one leading agency in Du[...] said that one of his Bri[...] clients had found it cheaper [...] send out an executive to [...] area every month and pay [...] high air fares and hotel acco[...] modation rather than set him [...] with a house. The cost of [...] office, a house and school [...] proved more expensive than [...] monthly trips.

K.

Oil wealth has provided security for UAE nationals. But the Government is moving cautiously, aware that sudden prosperity brings social problems.

Social welfare

THE MINISTRY of Social Affairs in the United Arab Emirates is the vehicle of the Government's largesse, trying to make sure that nobody of UAE nationality need go short in this oil-supported economy. As one of the newest ministries established in the country, it is still finding its role, yet its short experience has illustrated the problems of disbursing the oil wealth. It has met with a certain amount of concern by nationals who feel that the flow of money could take away the people's will to work.

The major theme of the Ministry's work is domestic education. Through its six centres set up in the Emirates, social workers teach the nationals and their wives hygiene, the need to keep food in the refrigerator, how to spend their money wisely, and generally how to cope with the new social values that surround them. Under a law passed after the setting up of the Ministry, the people entitled to salaries were divided into eight categories — widows, divorced women, deserted women elderly men, the disabled, orphans, illegitimate children and "unmarried women aged 40" or over. These payments vary from a minimum of Dh.225 a month up to Dh.675 and are given out freely without any investigation of a person's need. However, a major part of the cash handed out at the Social Affairs Ministry is on the orders of Sheikhs. In the Arab tradition any member of a family having problems goes first to consult with the local Sheikh. The Ministry still follows the system and pays out to order when it receives a written demand for money from a Sheikh on behalf of a citizen. In each area, the Ministry appoints "mouraa' feen," the knowledgeable ones and officials first check with these representatives about the financial needs of the person. These "sharha" payments, as they are called, have decreased since the law was passed entitling certain categories of citizens to benefits, but they still constitute a major part of the Ministry's disbursements. "The people feel it is their money, and so they demand it," said one social worker.

However, the payments have had retrograde effects. One is that parents are taking their children out of school after the statutory limit because the Social Affairs Ministry's benefits are worth more than the payments made to keep a child at school. The Ministry says it does not want to duplicate payments, but in the meantime the drop-out rate after the age of 12 is dramatic. Last year, 46,513 children were attending the Government's primary schools, but only 7,297 went on to the secondary stage.

Another problem is that the new wealth of the nationals has had the effect of increasing the prices of dowries paid for brides. Prices being paid now often go up to Dh.25-40,000, and a rich merchant may even pay up to Dh.100,000. With the problem out of hand, a committee was set up to resolve ways of lowering dowry prices to a limit of Dh.12,000. In the meantime, the number of marriages between UAE nationals and foreigners has grown, for the price of an Indian wife is about Dh.600.

Rapid

Ibrahim Sabbagh, the Director of the Social Affairs Ministry sees his job as helping the people adjust to their new wealth. "I'm not saying we can solve the problems overnight, for I feel we, here, are trying to narrow the cultural lag they face between their society some 30 years ago, and as it is now. We want to avoid spoiling the people by just giving them money, for just handing out cash could make them money-obsessed. Some people criticise us for not extending some of the benefits to the immigrants, but if we did, the boats would be full tomorrow."

A free house for a UAE national has become a fundamental right of citizenship, and the Ministry of Housing has a rapid building programme to provide every national with free accommodation. Recently the Minister of Housing signed a £66m. contract for the construction of 5,000 popular houses which will be created from two computer factories in Abu Dhabi and Al Ain at the rate of five a day. The project is due to be completed over the next 20 months. UAE popular housing is perhaps the most luxurious in the world, for every house will be surrounded by 8,000 square feet of land and a high wall. The houses themselves are designed to cater for the traditions of Arab hospitality, for each will have its own "majlis," an area where the man of the household can receive guests, two other large rooms, and two smaller rooms.

To develop his own property, the UAE national can make use of the UAE Development Bank which offers cheap loans of any

CONTINUED ON NEXT PAGE

New areas are coming under cultivation and fresh crops are under trial. But water supplies remain a problem, the level of education is often low and labour is short. Self-sufficiency has been achieved for some staple crops.

Agriculture

WHILE MUCH of the 77,700 sq.kms. of the United Arab Emirates is covered either by sand dunes or by mountain ranges, agriculture has always had some significance in small scattered areas where there was a combination of suitable soil and good quality water. Oases, such as those at Al Ain or Liwa, have always played an important part in the traditional life of the Arabian Peninsula, while recent increases in the cultivated area mean that some 4,000 hectares are now being irrigated.

In 1955, the agricultural trials station at Digdaga, Ras-al-Khaimah, was established and this marked the beginning of a transformation of the agricultural sector of the economy. The changes that have taken place over the last 20 years, while perhaps not so spectacular as in other sectors, have nonetheless been of considerable significance. New crops and new techniques have been introduced to the United Arab Emirates and these have been backed up by the development of an agricultural extension service and by the establishment of research centres. Resource surveys have been carried out and as a result of these, new areas have been brought under cultivation not only by individual farmers but also assisted by small irrigation schemes, such as the one at Mileiha. The traditional oases with their date palms and alfalfa now account for less than half the cultivated area.

Water

A number of problems face agricultural development in the United Arab Emirates. Firstly there is the problem of only limited water supplies. Most of the irrigation water originally fell as rainfall on the Hajar mountains and has subsequently flowed towards the Arabian Gulf underground. The deposits that comprise the land area are very heterogeneous and the water, in the course of its underground movement, has accumulated salts and in some places is so saline that it is impossible to use for agriculture. Furthermore, the amount of good quality water is strictly limited and it is imperative that the best use is made of such a scarce resource. Consideration is now being given to store water in the wadis of the Hajar mountains. In some places the resource is being overused—wells have been sunk too close together with the result that there has been a local lowering of the water table while in other locations recirculation of the irrigation water has led to it becoming more saline which in turn could provide problems for the future. There is a considerable amount of experimental work being carried out to determine the best methods of irrigation, not only to conserve water but also to use more saline water without harming the crops. On Sadiyat Island, Abu Dhabi, the Arid Lands Research Centre was established in 1969 and now grows over 350 tons of vegetables annually using desalinated water and trickle types of irrigation in which the plants are supplied with their correct requirements of water and nutrients. Some vegetables are now exported to Beirut and this centre is in the forefront of research into irrigation problems. At Masyad, near Al Ain, experiments are also being carried out into the effectiveness of different irrigation systems—sprinkler, trickle and surface, with lined channels—using more conventional equipment, but which should, in the long term, be of immense value not only to the farmers of the United Arab Emirates, but also of adjacent countries.

A second problem stems from the lack of agricultural education in many of the farms. The economic development of the United Arab Emirates has resulted in the immigration of a multinational labour force which in turn has stimulated the demand for a wide variety of foodstuffs, in particular vegetables. The winter climate of the area is very conducive to vegetable cultivation, but the skills required are very different from those used in the growing of traditional crops such as dates and alfalfa. Digdaga Agricultural Trials Station is also an agricultural school which provides a three-year course in the theory and practice of agriculture while local farmers in Ras-al-Khaimah can also attend evening classes there. As a result, there is now a nucleus of farmers, trained in modern techniques, in most agricultural areas of the United Arab Emirates. In addition, some of the farms are managed by expatriate agriculturalists, while there is a large extension service to provide help and facilities.

Thirdly, there are problems that have materialised as a result of the rapid expansion of the cultivated area. Some crops, and varieties, were orginally introduced without proper testing with the result that they have not always been successful. Digdaga Agricultural Trials Station, the Al Ain research farm and the Arid Lands Research Centre on Sadiyat Island are all now engaged on trials' programmes aimed at selecting the best varieties of crops for the conditions present in the area. The expansion of a moist, hot irrigated area has encouraged the spread of plant diseases and pests, eelworms are now prevalent in many areas while mites have always been a problem. Effective control is essential if agriculture is to flourish.

Livestock

Fourthly, the livestock sector has been slow to improve. In the United Arab Emirates, livestock production has been based on rangeland grazing, mainly by goats and camels, and has generally not been integrated with the sedentary agriculture. Livestock have, until recently, been rarely kept on a commercial basis and the nomadic livestock, with little to supplement the sparse natural grazing, are singularly prone to disease. Tick-borne diseases are prevalent as is foot-and-mouth disease, while goats, in particular, suffer from pleuro-pneumonia. Animal health is improving but will continue to be a problem for some time to come. Commercial livestock units have been established notably at Digdaga and Al Ain, and on these the highest standards of husbandry are employed. Dairy herds have been established at both Al Ain and Digdaga where Friesian cattle are used, while research is being carried out to try and improve dairy herds based on local cattle by crossing them with imported bulls. Work is also being carried out on the best feed requirements of cattle and to this end new forage crops are being introduced. But the biggest increase in livestock projects has been in the development of commercial poultry farms. These are not restricted to the traditional agricultural areas at Ras-al-Khaimah and Al Ain but are also found in close proximity to the major urban markets which they provide with both meat and eggs.

Labour

A final problem is that of labour. Most of the farms have relied on immigrant Baluchis or Indians for their labour supply, but in the past few years there has been increased demand for labourers in the urban areas where wages have been much higher. As a result there is a scarcity of labour to work on the farms and, moreover, it is expensive. This has led to a trend to mechanisation and labour saving equipment, though this is not always easy as the majority of the farms are less than 5 hectares in size. To help the farmers purchase equipment, fertilisers, etc., agricultural credit is readily available with loans being made on a four-year, interest-free basis, and many farmers now avail themselves of this facility.

British firms and expertise have done much to help agriculture in the United Arab Emirates over the past twenty years and undoubtedly will do so in the future. Agriculture now enjoys a particularly important position with the Al Ain Show, held annually, attracting visitors from all over the Arabian Peninsula and surrounding countries. It would seem that key developments over the next few years will include better management of the existing water resources and provision of new supplies, an expansion in the areas cultivated to grow fodder crops to provide for improvements in the livestock sector, better marketing of produce and further attempts to integrate the Bedouin with the sedentary form of agriculture.

British expertise, too, is now being increasingly used in forestry projects. These have been initiated over the past few years mainly along the road between Abu Dhabi and Al Ain, primarily as protection against drifting sand. Over the past year at least two major contracts have gone to British firms and these projects require considerably different techniques to forestry elsewhere, in particular with respect to irrigation techniques and water requirements.

Resource surveys have shown that there are soils suitable for cultivation which are not at present utilised, due to a lack of water. In particular, the outwash plains of the Hajar mountains have considerable potential. Other areas, such as the Liwa Oasis, also have potential but this will not be realised until new roads are built. Better water management on existing cultivated areas will lead to more water being made available to bring more land into cultivation. Methods of conserving the winter rainfall on the Hajar mountains are being considered, again to increase the available water resources. Further experimental work will show which are the best methods, in terms of effective use of water, for irrigating the different crops and this is of fundamental importance, particularly for the smaller Emirates which are reliant, to a far greater extent than Dubai, Abu Dhabi or Sharjah, for their economic development on agriculture and fisheries.

If the farmers are to achieve a full economic return for their produce, better marketing prospects are necessary. At present there tend to be gluts of most vegetable produce since the growing season is short, and, as a result, prices are low. Even guaranteed prices for Al Ain farmers do not ensure that the farmers get maximum return for their efforts. Exports of produce are undertaken on a limited scale, particularly from Sadiyat to Beirut, but, in general, quality of produce is not sufficiently high for the export markets. One of the reasons for this is that packaging techniques are still rudimentary.

In some respects, expansion of areas devoted to fodder crops and sedentarisation of the Bedouin pastoralists are linked. Early attempts at sedentarisation, such as the development of the Mileiha scheme, have not been entirely successful and it has now been suggested that the 120 hectares at Mileiha might be changed to forage crop production. A further attempt at resettlement of Bedouin was initiated in November, 1974, with the establishment of a project at Rawaya in Dubai emirate. An area of 4 square kilometres has been designated for this project and water is brought in by pipeline from Habib and supplied free to the farmers. Help is also given in marketing produce surplus to the farmers requirements, and, if successful, this scheme is likely to act as a prototype for other projects, including some on the Batinah coast.

While agriculture will never take up more than a very small proportion of the territory of the United Arab Emirates, modernisation of the existing agricultural sector and the new developments have enabled the Emirates to be almost self-sufficient in a number of staple fruit and vegetable crops, though total self-sufficiency is unlikely to be achieved on account of the limited physical resources. The key to further advancement is better use of the existing resources and this will only be accomplished by using the most advanced methods of agricultural technology.

Dr. J. H. Stevens

Technical Manager, Dunlop Irrigation Services

Welfare

CONTINUED FROM PREVIOUS PAGE

amount up to Dh.500,000 (£69,000).

The UAE health services are as complex as the society itself, for staff are as multi-national as the patients. In many hospitals in the larger cities, hospitals are obliged to employ translators to ease communication between doctor and patient, because the health services are open for free treatment for any resident including immigrants. A language school set up by the Health Ministry encourages non-Arabic speaking doctors to learn Arabic.

The budget of the Ministry has quadrupled in the last year with the construction of new hospitals and clinics in the Emirates. In the capital itself, the health services are stretched to the limit and the old Abu Dhabi hospital which was originally built to cope with 150 patients is being extended. However, there are plans to construct two more major units in the capital; one of 460 beds and another of 1,000 beds. The 460-bed hospital contract has just been awarded to a West German contractor. To lighten the load on the existing services in Abu Dhabi, four general clinics will be opened staffed by 12-16 doctors each.

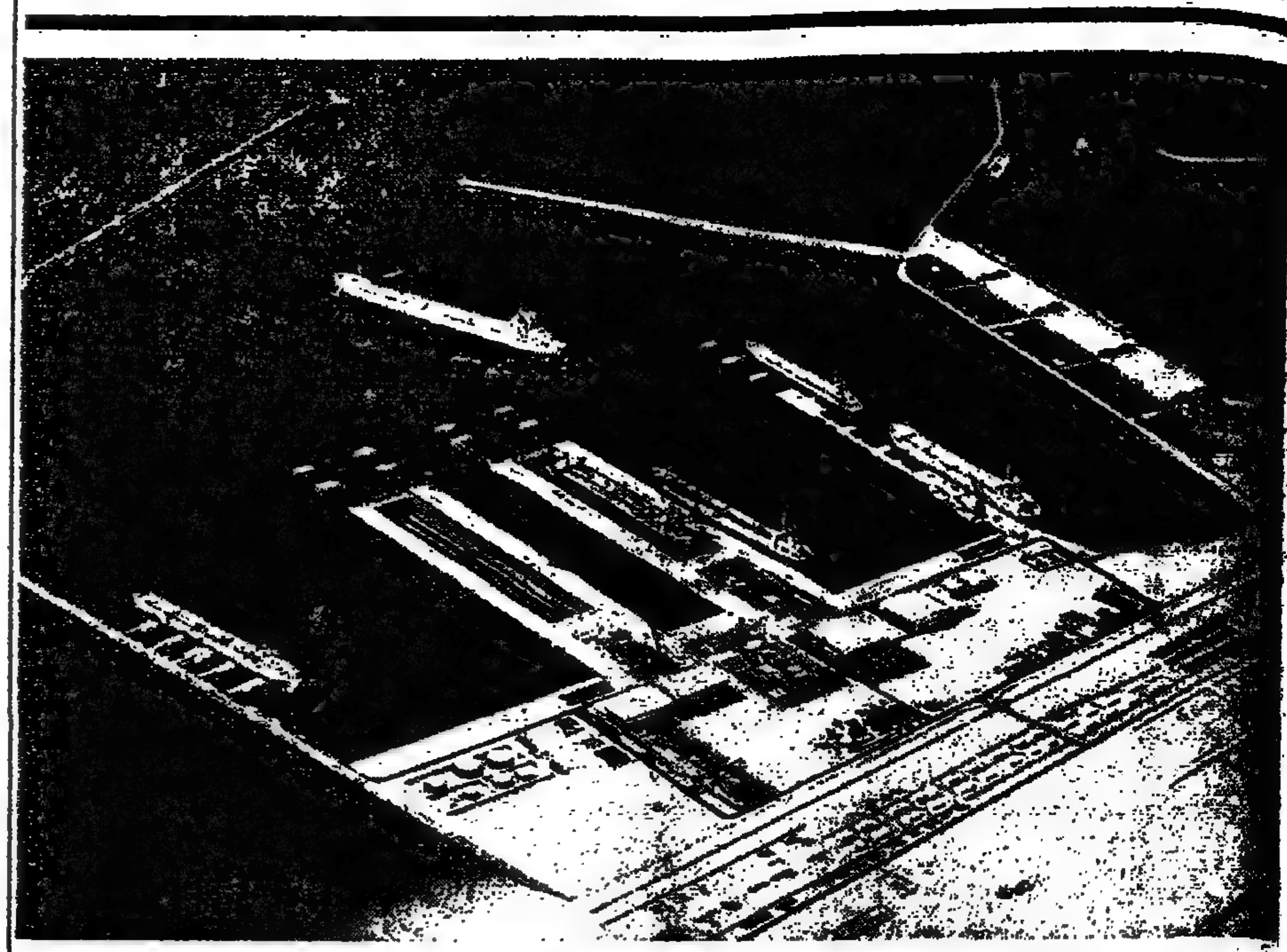
The building plans for other Emirates include three 60-bed hospitals in Fujeirah, a new hospital in Umm Al Qaiwain and extensions to the existing one, a new unit in Ajman, and two more in Ras Al Khaimah. Mini-health centres staffed by one or two doctors and a few nurses are being set up in every government settlement to provide preliminary treatment and delivery rooms in the remote areas of the country.

An official of the Health Ministry explained that the philosophy of the department was to provide good, all round medical services where they were needed. Although the new hospitals planned in Abu Dhabi would be equipped with the latest equipment, they did not want to fall into the same trap as Saudi Arabia and create highly sophisticated and elaborate hospitals which necessitated the import of expensive foreign technicians. "There are certain items of equipment we lack at the moment, and this is why we have to send some of our UAE national patients overseas for specialised treatment, but this traffic will stop in the future when we have all the equipment and the specialists," an official said.

The building programme is so extensive that over the next two years 800 additional nurses are to be recruited, mainly from Britain. Salaries paid to consultants in the UAE can go as high as Dh10,000 a month with all expenses paid, and it looks as if medical expertise will continue to be imported. Only a handful of nationals had become doctors, an official said: local citizens were not attracted to the medical service because of the salaries and training required.

K.B.

UNITED ARAB EMIRATES XIV



A model of the Dubai dock complex, with the three dry docks in the centre

The dry dock at Dubai, which is being constructed by Taylor Woodrow and Costain, will be the largest of its kind in the world. But the success of the project is still far from assured.

Dubai dry dock

THE DUBAI dry dock is the biggest project so far under construction in the Emirate and certainly one of the most spectacular buiding operations in the UAE. When complete in 1979 the complex will have the largest dry dock in the world, and will have facilities for maintenance and repair work on several large ships at once, including three in dry dock, one of which could be of up to 1m. tons in size.

The dock complex will have facilities for cleaning out VLCCs as well as carrying out all the maintenance they need, and the shore installations and workshops will be enormous. When it is first in operation the docks will employ at least 4,000 workers, many of them highly skilled, and when operating at full capacity it will employ as many as 10,000 people. Siting the dock in the Gulf as opposed to the oil consuming industrial areas of the world at least has the advantage of saving ships time: it is not possible to carry out hot work on tankers within six or seven days of unloading, which means that a ship discharging in Rotterdam would have to be idle for that amount of time before using a European dock, whereas if it uses a dock in the Gulf it can steam straight there and lose no time en route.

On the other hand, building the dock in Dubai—and especially such a big dock—has its disadvantages. It means importing a large number of highly skilled men, mostly from the industrialised countries; it also means developing an infrastructure in Dubai to service the industries at the dock. Since no VLCCs are built in the Gulf all the large equipment needed to fit as replacements to ships using the dock will have to be imported from the industrial countries if the dock is to be able to compete.

In deciding to go ahead with the dock project Sheikh Rashid no doubt took into account these factors but evidently decided that Dubai would eventually have the infrastructure to service the docks and that the dock would provide a stimulus towards developing it. By building the biggest dock complex all at once rather than tackling the project in stages he reckoned on beating the effects of inflation.

Slump

What he probably did not bargain for was the slump in the oil tanker market, which has led to the laying up of 50m. tons of shipping, the cancellation of a similar amount and the slow steaming of the ships still in operation. The slump, plus technological improvements, are causing shipowners to dry dock their ships once every three years instead of once a year. So even if world shipping picks up by the time the dock is in use it will be less heavily utilised than was projected and will anyway be in competition with the smaller OAPEC one at Bahrain.

Thus it is perhaps not surprising that Sheikh Rashid has had difficulty in finding a company to operate the dock—a need that becomes more pressing as the January, 1979 starting date draws nearer, since any operator might wish to alter the layout of the shore facilities from the original design, as well as start training and recruiting the necessary staff. For a project of this size some form of equity participation by the operator would obviously be desirable, but it is by no means certain whether it will be possible to achieve since it is widely thought that the dock will not be profitable for up to ten years.

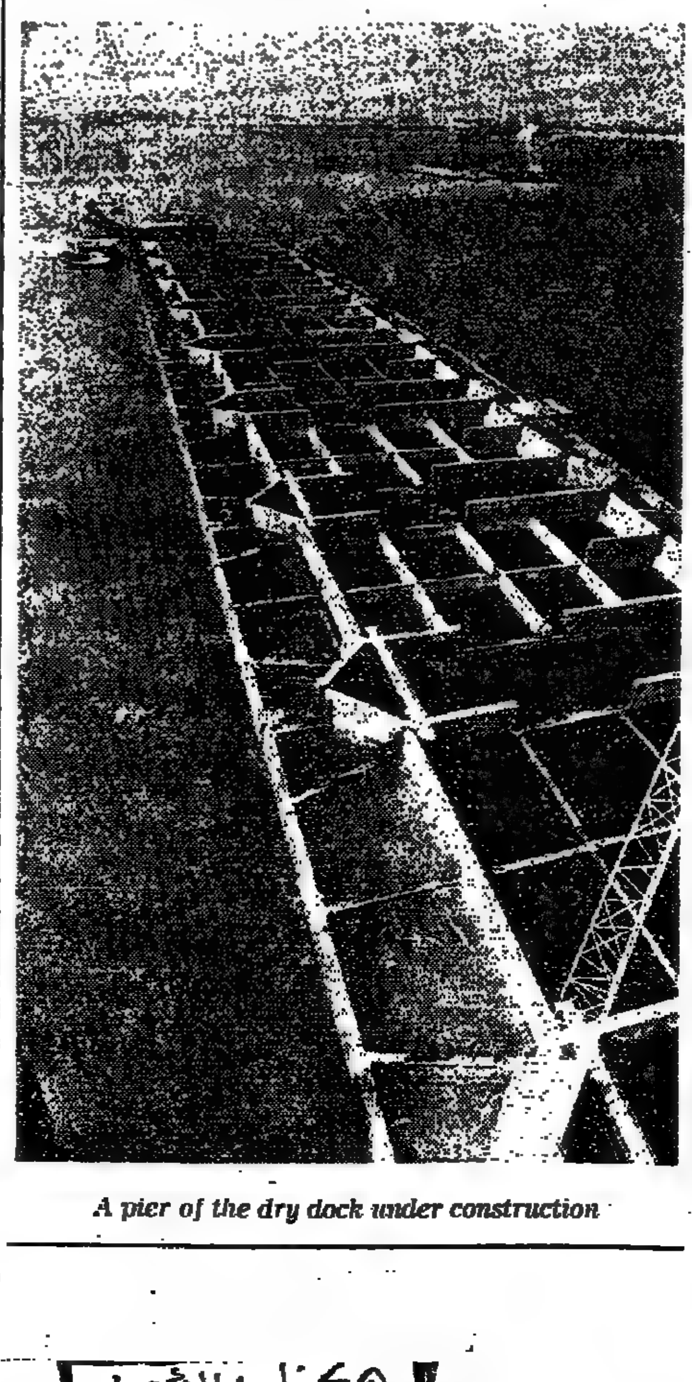
One possible solution might be for the operator to take a small equity stake with Sheikh Rashid and possibly other local interests, but that some form of guarantee on the operator's capital would be given by Dubai. The alternative would be a straight service contract. According to Sheikh Rashid three companies are interested in the operating contract, and these are known to include Swan Hunter in possible partnership with Gray Mackenzie, the Inchcape subsidiary which operates Port Rashid. A Japanese company and an unnamed U.S. concern are also said to be interested.

The dock is being constructed by Taylor Woodrow and Costain in a joint venture, with Sir William Halcrow and Partners as consultants. The contract was originally fixed at £91m. in April, 1973, but raised to £162m. in July, 1975, to take account of inflation and changes in the plan recommended by Gray Mackenzie and Swan Hunter.

Walls

The dock walls consist of concrete caissons (in all 162 will be needed) each weighing 3,500 tons, constructed by the slip forming process, which takes nearly two days per caisson. The caisson is then floated across the basin and sunk in position to form the dock walls. The floor of the docks will consist of concrete blocks set in a concrete grouting with drainage underneath. The construction work also includes dredging about 4m. cubic metres from the sea, building a finger pier and 3½ km of breakwaters. On average the project is on schedule, with caisson production ahead but dock wall construction slightly behind: so far one of the longest of the four dock walls is nearly complete, while the second is half finished. About 2,500 men work on the project, with continuous shifts on the caisson production.

J.J.



A pier of the dry dock under construction

هكذا من الأجمل

Senior civil servants to-day debate the responsibility of any Minister for their actions. **Peter Hennessy** reviews their grievances

The Ministers and the Mandarins

THE important constitutional issue of the responsibility of Government Ministers for the actions of their officials has for a long time been troubling civil servants; some of them since the Crichel Down affair in 1954, and more of them since the findings of the Vehicle & General Tribunal.

To-day the matter will be raised at the annual conference of Whitehall's most senior officials—the First Division Association (the FDA) which represents 9,000 in the top echelons, including virtually all the Permanent Secretaries.

The real problem is that the closest the United Kingdom comes to possessing a written constitution is probably the confidential document known as "The Ministerial Guidelines" which is sent by the Cabinet Office to every new Minister on assuming office. In it is a list of "do's and don'ts" outlining the requirements of collective and ministerial responsibility.

Also attached are a copy of the Official Secrets Acts and, since January, a list of the new conventions governing the publication of ministerial memoirs.

Most of the contents of the first red box put before a new Minister are, to greater and lesser degrees, controversial these days. The Official Secrets Acts have been on the verge of amendment for the past four years. The Prime Minister has felt the need in recent weeks to remind his Energy Secretary, Mr. Anthony Wedgwood Benn, that the principle of collective responsibility obliges all Ministers to defend every aspect of Government policy even in the august councils of the Labour Party's National Executive.

But the convention which represents the most frequent source of difficulty is that of ministerial responsibility. In the words of Sir Ivor Jennings, it means: "Each minister is responsible to Parliament for the conduct of his department."

In the presence of Sir Douglas Allen, Head of the Home Civil Service, and himself a member of the FDA, the men and women responsible for giving confidential policy advice to Ministers will to-day recall that the Vehicle and General affair in 1972 marked the beginning of a continuous decline. The more ardent spirits in the FDA will be satisfied with nothing less than a written concordat which clearly states "when civil servants will be responsible and when ministers will carry the can," as one of them put it.

V & G charge

Several instances will be raised, apart from the report of the V. & G. Tribunal, which accused one of their number, Mr. Christopher Jardine, an Under Secretary in charge of the Insurance Division of the Department of Trade and Industry, of negligence following the collapse of the cut-price insurance firm.

The weakness of the doctrine of ministerial responsibility has been apparent since Sir Thomas Dugdale resigned as Minister of Agriculture in 1954 over the Crichel Down affair which involved the compulsory purchase of 725 acres of farmland in North Dorset 17 years earlier. In the wake of this incident Professor Sam Finer attempted to strip away what he called the "constitutional folklore" surrounding the convention of ministerial responsibility and concluded that it was no remedy for executive mismanagement. Examining the 18 instances of ministerial resignation that might be credited to the doctrine over the previous century, Professor Finer outlined the preconditions for its successful operation: "If the Minister is yielding, his Prime Minister unbending and his party out for blood . . . the Minister will find himself without parliamentary support. This is a statement of fact, not a code," he wrote.

In the Commons debate on Crichel Down, the then Home Secretary, Sir David Maxwell Fyfe, refined the doctrine into a form which has been accepted as the working definition by successive governments to this day. (Mrs. Barbara Castle, for example, referred to it earlier this year in a debate on the junior hospital doctors' dispute.) In instances where the civil servant was carrying out an explicit order given him by a Minister, the Minister must protect him, said Sir David. Where an official was acting in accordance with a policy laid down by a Minister, the same obligation was required. When a civil servant had made a mistake or caused a delay, but not on an important issue of policy or one involving individual rights, the Minister should accept the responsibility, although he was not involved, and should promise the Commons that he will take remedial action.

It was the fourth category in Sir David's list, however, which has caused the subsequent trouble in that, from a civil servant's point of view, it provides the minister with a permanent escape route: "Where action has been taken by a civil servant of which the minister disapproves and has no prior knowledge, and the conduct of the official is reprehensible, then there is no obligation on the part of the minister to endorse what he believes to be wrong, or to defend what are clearly shown to be the errors of his officers," said Sir David.

"The scope of ministerial responsibility has never been entirely clear": Sir Douglas Allen, Head of the Civil Service. Lord Armstrong (right) believes this responsibility should be sharpened.

In other words, Sir David made it plain that the doctrine had its limits, a point repeated 18 years later by Mr. Reginald Maudling, a later Home Secretary in replying to the V & G debate. The report of the V & G Tribunal made it crystal clear just how little knowledge Ministers have of their departments' activities. In the Department of Trade and Industry well under 1 per cent. of its business was referred to Ministers.

The V & G Tribunal muddied the waters still further by advancing the novel concept that merely by occupying senior posts, civil servants "hold themselves out as persons exercising special skill in that particular field."

"That did not make any sense at all to civil servants," recalls Lord Armstrong, who, as Head of the Home Civil Service in 1972, bore the brunt of the FDA's complaints about the Tribunal's findings. "We didn't think that we held ourselves out as competent. We were just appointed because other people thought we were. We might have had private doubts about it."

Lord Armstrong has a great deal of sympathy for those in the Civil Service who believe that the definition of ministerial responsibilty should be sharpened. He is also convinced natural justice requires that if a tribunal criticises a civil servant who has given evidence to it, as happened with Mr. Jardine in the case of V & G, then he should be allowed the right of reply. He would also include the nationalised industries in the remit of any review of ministerial responsibility, as its application to them was left unclear when they were established on the Morrisonian model in the late 1940s. "There is nothing in the statutes, for example, to allow ministers to interfere in the wage and price policies of nationalised industries but they regularly do," he says.

Civil servants will go to the last ditch, however, to preserve intact the confidentiality of policy advice given by a senior civil servant to his Minister. Many complain in private that Select Committees try to trap them into revealing more than the present doctrine of ministerial responsibility will allow, or that some Ministers break their side of the bargain by revealing all before a decent interval has elapsed. Lord Armstrong is in no doubt that if this trend continues it would lead to the demise of the anonymous, impartial career Civil Service developed since the mid-nineteenth century and its replacement by an overtly political public service. "I don't think it has got to breaking point yet but it puts the whole thing under strain. It remains to be seen in the future whether Ministers will have to give civil servants the right of reply," he says.

Old doctrine

The scope of the doctrine of ministerial responsibility has never been entirely clear, as Sir Douglas Allen readily admits. But he is reluctant to see it codified more precisely as it would lead, he says, to rigidity in an area where power, by its very nature, is diffuse and shared. The doctrine arose in the early 19th century as a means of exerting parliamentary control over bodies like the Poor Law Commission, the precursors of the "hived-off" agencies of to-day. MPs insisted on there being a Minister answerable to Parliament for every Government department. Ironically, the doctrine is seen by many MPs to-day as a brake on Westminster's control over Whitehall. Any change, Sir Douglas believes, should arise from the initiative of Parliament, although it would ultimately be a matter for the Cabinet and the Prime Minister to decide.

At present only in extreme and rare cases do civil servants have the right to breach the doctrine of collective responsibility and express dissent. Even then the privilege is confined to the handful of officials who, as Accounting Officers, can minute a Minister, with a copy to the Comptroller and Auditor General and the Public Accounts Committee, indicating that a particular item of expenditure authorised by the Minister goes beyond the bounds permitted by statute. They can carry out the Minister's decision only with a written instruction from him overruling their objection. It is a sanction of which most Ministers stand in considerable awe.

There is a little known but less drastic procedure when there is disagreement on a matter of importance involving efficient and economical administration rather than propriety. The Accounting Officer can send a formal minute to his Minister—known colloquially as a "Permanent Secretary's Note"—stressing the unwisdom of a particular piece of expenditure and seeking his ruling on the basis that it would constitute the Accounting Officer's defence should the matter come before the PAC. This was the type of note sent by Sir Peter Carey, then Second Permanent Secretary and departmental Accounting Officer to Mr. Anthony Wedgwood Benn last year when the then Secretary for Industry was experimenting with a variety of industrial co-operatives supported by public funds.

All these problems of ministerial responsibility are an area which the Commons Expenditure Committee—currently investigating Whitehall—could examine with profit. It would certainly be more revealing of the inner workings of Government than any revisitation of the sterile ground covered by Fulton with its obsession about the class origins of senior civil servants and the alleged innumeracy of the old administrative class.

Letters to the Editor

Let us to the slaughter

From The Director of Education, Institute of Production Control

Sir,—I fully share the view, expounded by Mr. K. Swann (April 30) of the importance of improving the quality of education for students of production management. That indeed is a principal aim and responsibility of the professional institutions to which he refers; they are, after all, the guardians of technical excellence in their particular management disciplines. As Mr. Swann aptly points out, there are some 1,000 candidates currently preparing for the advanced examinations of the Institute of Production Control in Polytechnics and Technical Colleges throughout Britain. As a result of rigid course entry requirements, very selective approval of colleges to offer the courses and vigilant monitoring of examination papers and candidates' scripts by the Institute's assessors, those who are successful at the final examination have little difficulty in obtaining attractive positions, in production planning and control, materials management and related functions.

The limiting factor in quality improvement as far as our courses are concerned (and I suspect this applies to the courses of some other professional bodies) lies not in the content of the syllabuses, nor in their pitch, length or scope, but in the competence of teachers to teach. While lecturers in further education will usually have several years of industrial or commercial experience behind them, problems arise when it gets too far behind them. Exchange arrangements between industrial and college staffs are still mainly concepts rather than realities, and few of those who purport to instruct and counsel in management topics have obtained any substantial experience of management. Nor is the practice of many colleges to recruit part-time lecturers from industry an adequate solution if the latter can only lecture in the evenings. It is rather primitive to expect mature students of proven ability and application to pursue advanced studies at night school as if they were undergoing instruction in rabbit keeping, motor car maintenance or judo.

Of course there are some excellent management teachers in further education who for sound reasons would not shape up to the demands of a career in management; but there are not enough of the right calibre to teach production management. Mr. Swann's plea for a unified approach is timely and eminently logical but, my word, there will have to be a wholesale sacrificial slaughter of numerous sacred cows, education and otherwise, before anything really constructive is achieved. In the national interest therefore, let us to the slaughter.

G. G. Thomas.
Beaufort House,
Rother Street,
Stratford-upon-Avon,
Warwicks.

A tax on tourists

From The Managing Director, Tourism International Press.

Sir,—Absence abroad has until now prevented me from replying to Mr. Traver's extraordinary letter of April 24 urging introduction of a "taxe de sejour" on tourists to Britain. The letter is extraordinary because it reveals such a remarkable incomprehension both of tourism in general and of tourist taxes in particular.

Taking tourism first, his doubts about the sums of money generated by tourism to Britain are totally misplaced. Thanks to detailed, sustained research, there is a wealth of reliable information about the volume and nature of spending by visitors to Britain. The total in 1975 is very substantial, that is over £1bn. Because almost every penny of this is equivalent to an export, this is of direct benefit to the entire population of a country like the U.K. which is dependent on imports. A large number of people—approximately 1m.—are at least partly dependent on employment resulting from tourism. To say that "little of it gets beyond the pockets of travel agencies and hotel-keepers" is not only inaccurate (their share is at most a half of tourist expenditure) but also misleading for the bulk of their share is transferred to suppliers who represent a broad cross-section of the community.

To describe tourists as "droves of jabbering half-wits" may be true for a small annoying minority but is certainly not true for the majority. To the extent that tourists cause annoyance—as they often do—then it is the duty of the tourism industry to minimise that nuisance, at least to the point where the detriment is outweighed by the benefit. In fact, the industry is well aware of this as is shown by the detailed work already done jointly by the British Tourist Authority, the London Tourist Board and Greater London Council. As a result, this problem is now getting better, not worse, at least as far as London is concerned.

The question remains whether a tourist tax is an appropriate way to alleviate or to compensate for any annoyance caused by tourists. This again has been studied extensively in Britain and abroad and the consensus is that while it is a possible way to recover public expenditure on providing services for tourism it is not a particularly efficient or equitable way of doing so. . . and it is certainly not a sensitive enough tool to control congestion. If Mr. Travers wants to have more room on his bus or tube, then a tourist tax is about the worst solution to his problem.

John Seekings.
154, Cromwell Road, S.W.7.

Population reduction

From Mr. F. Steiner

Sir,—Joe Rogaly's article (May 4) on British population trends is the most level-headed and best informed comment on the subject that I have read in a long time. While wholeheartedly agreeing with his conclusion that social policy must divert more resources to families with children, may I raise two questions on what he presents as fact rather than suggestion? Is it really the Pill or indeed any other form of deliberate birth restriction that has by itself affected the social picture, rather than its coincidence with a natural fall in fecundity? The increasing number of couples attending fertility clinics seems to suggest that there has been a steep fall, perhaps psychosomatic, in natural fertility and that fewer babies would be born even without widespread use of the Pill.

If Mr. Rogaly's figure of an average of 1.8 children per married couple is right, then the fall in the numbers of the next generation will be more drastic than even he seems to expect. Replacement level is not, as he implies, 2.1 children per couple: given the different rates of birth and survival for boy and girl babies, the figure is nearer 2.4, and the gap between Mr. Rogaly's "current fertility" and net replacement is therefore twice as wide as he infers.

F. M. M. Steiner.
26, Oakeshott Avenue, N.6.

Inflation accounting

From Mr. S. Penwill.

Sir,—For over 20 years I have been pointing out that the adherence by companies to historical depreciation has inflated real profits and has resulted in over distribution of dividends, despite the fact that the managements concerned must have been aware of the effect of inflation.

As a result, replacement of obsolete plant has been financed by borrowing which in turn, as recent events have proved, has been repaid from the proceeds of rights issues. There were of course some companies which, before paying dividends, set aside additional depreciation based on replacement costs—but such companies were the exceptions.

Messrs. Phillips and Drew suggest that the reflection of the effect of inflation by the application of current cost accounting accounts as recommended by the Sandilands Committee will change attitudes towards dividends, but I doubt it. What hope would companies have of raising fresh capital if old capital were not adequately rewarded? Some companies have already published accounts adjusted for inflation, which accounts have turned historical profits into actual losses and holding profits, but they have not altered their dividend policies, neither has the market adjusted the price of the shares to reflect the CCA losses. No one, as far as I can ascertain, has explained satisfactorily the reason for inflation accounting except perhaps as a measure of more accurate comparison of company with company, or as a management tool.

If as a result of the adoption of CCA accounts, companies are left with insufficient to maintain normal dividend payments, will not the tendency be for prices to be increased in order to increase real profits, so adding to inflation?

S. W. Penwill.
158, Fenchurch Street, E.C.3.

Moonlighting tactics

From Mr. R. Hall

Sir,—The implications of Professor Shepherdson's letter (May 5) showing the financial disincentives to a person working harder in his normal job are being appreciated even by those who remain here rather than emigrate.

The letter also contained some tacit assumptions which, if not fulfilled, may make his conclusions even stronger. Thus if his extra-mural lectures don't bring him a pre-tax rate appropriate to his professional status (and pay) but only to that of, say, a lecturer, he will be even more driven to be an amateur handyman.

His comments also confirm that if promotion in a job means working longer hours (as it should) or being away longer from home, which is the same thing, and this means that one has to have a man in to do jobs that one now can't find time to do oneself, then unless the new post-tax hourly marginal rate exceeds the pre-tax rate of a tradesman one is better off staying where one is. This applies particularly if one is prevented from doing the more skilled repairs such as on a car or to an electric iron, etc., and also if one is having to cope with the overheads on the tradesman's hourly rate. It also raises the temptation to moonlight as an extra-mural decorator or repairer oneself since if one receives payment in cash and doesn't declare it the take-home pay increment is worth many times the same pre-tax rise. Although such an action is illegal, the actions of successive Chancellors in raising marginal taxes to such high levels as to place great temptation to people to act in this way are akin to the actions of a person who leaves a £5 note on his garden wall and tempts a poor mortal into stealing it.

Moonlighting for payment in goods would obviously be better since £5 worth of groceries or a skilled repair quid pro quo besides being morally and legally impeccable would also revive medieval habits of mutual help. It does not, of course, lead to the best use of trained manpower but it is the correct financial tactic in the highly taxed times of to-day.

R. Hall.
69, Ormond Avenue,
Hampton, Middlesex.

Negotiable situations

From Mr. J. Mahoney.

Sir,—There are two matters of interest to which I wish to draw attention.

As a result of mergers with complicated exchange provisions, I have a number of tiny holdings, for example, £16 of Bass, Charrington 4½ per cent. loan 1992-1997 or £10 of Ward, White 8 per cent. Convertible 1987-1992. No stockbroker wants to handle these—his minimum charge would be in excess of the amount realised. Would it not be possible for the companies concerned, in conjunction with their bankers, to arrange for some sort of purchase and amalgamation of these small holdings? It would save them a lot in postages, etc., on dividend warrants.

It is now almost universal practice for dividend and other cheques to be marked "Not Negotiable" or "A/c Payee." I have recently received a cheque for £1,900 thus marked which I must pay into my bank. If I withdraw it immediately, my bank will debit me with five days' interest, whereas without the restrictive endorsement, I could have paid it into a building society or similar institution and earned interest at once. I suppose that, in strict law, if a person owes me money, I can refuse to accept a conditional payment; but if I did so, I'd lose far more time and interest in the ensuing wrangle than if I accepted the restricted cheque meekly.

J. W. Mahoney.
19, The High,
Streatham High Road,
S.W.16.

To-day's Events

GENERAL
European Central Bankers begin two-day meeting, Basle.
European Parliament meets, Strasbourg.
Wholesale price index for April published.
Mr. Anthony Crosland, Foreign Secretary, on visit to Japan.
EEC delegation begin talks with Japanese Ministry of Transport on its car imports policy, Tokyo.
UN Conference on Trade and Development (UNCTAD) continues, Nairobi.
Prices of cigarettes, cigar and hand-rolling tobacco increase from to-day.
Summer Exhibition, Royal Academy of Arts, Burlington House, W.1 (to August 1), from 10 a.m. to 6 p.m. daily, Sundays 2 p.m. to 6 p.m.
Greek Ambassador opens exhibition of Greek stamps, maps and coins, Gibbons Gallery, 399, Strand, W.C.2.
Air cargo conference, Royal Aeronautical Society, Hamilton Place, W.1.
National Chamber of Trade conference, Harrogate.
Association of Scientific, Technical and Managerial Staffs conference, Eastbourne.
Association of Professional Executive, Clerical and Computer Staff conference, Scarborough.
Transport Salaried Staffs Association conference, Scarborough.

PARLIAMENTARY BUSINESS
House of Commons: Remaining stages of Local Government (Miscellaneous Provisions) Bill and of Agriculture (Miscellaneous Provisions) Bill.
House of Lords: Energy Bill, report stage. Consideration of Farm Capital Grant (Variation) Scheme and of Farm and Horticulture Development (Amendment) Regulations.

OFFICIAL STATISTICS
Hire purchase and other instalment credit business (March). Retail trade (March—final).

COMPANY RESULTS
Commercial Union Assurance (first quarter). European Ferries (Full year). Staveley Industries (half-year).

COMPANY MEETINGS: See Week's Financial Dairy on Page 10.

BALLET
Royal Ballet dance Le Spectre de la Rose, and Giselle, Coliseum Theatre, W.C.2, 7.30 p.m.

MUSIC
David Earl gives piano recital of music by Haydn, Beethoven and Liszt, St. Lawrence Jewry next to Guildhall, E.C.2, 1 p.m.

SPORT
Tennis: British hardcourt tournament, Bournemouth.

COMPANY NEWS

GRE forecasts underwriting surplus

THE CURRENT year at **Guardian Royal Exchange Assurance** has not started too well at home, due to storm damage in January, but, in the absence of another disaster at home, Mr. J. Collins, chairman, expects another underwriting profit.

He tells holders that in Germany an increase in rates is expected during the year but it will not be sufficient, nor apply long enough, to change the underwriting results, and a loss is expected.

In Canada, Australia and South Africa there are signs that the leading companies are taking steps to limit the unproductive competition, and the improvement seen in 1975 should continue. Marine and aviation are not likely to make much contribution.

The company continue to look for the valuable contribution of the life department and increasing investment income. Mr. Collins *does not think that 1976 will be* as good an underwriting year as 1975 but, taking into account the unpredictability of the insurance business, "there is reason at this stage to believe we shall, overall, have another satisfactory year."

As reported on April 8, pre-tax profit for 1975 improved from £28.1m. to £49.6m. and the dividend is raised from 7.73324p to 8.27398p net on increased capital.

The charge, in respect of pensions, to short-term revenue account was increased by more than 100 per cent. to £2m. and a further increase of at least a similar amount will be necessary in 1976.

The chairman, referring to the Sandilands proposal on insurance, says that it is unlikely that any material changes will be required in the accounts, although the directors "strongly disagree with the suggestion of applying immediate rates of tax to market valuation surpluses when the prospect of realisation of investments in any volume in an *insurance company is remote.*"

During 1975 selective investment in U.K. equities was continued, and with the benefit of the Rights issue and a good cash flow considerably more was invested in Government stocks at high yields.

New regulations under the Insurance Companies Act 1974 will be further extended to include liabilities in 1976 and 1977—these, when fully implemented, will increase the effective solvency margin requirements in the U.K. to about 22 per cent. against the present 10 per cent. and, in the EEC, 16 per cent.

Mr. Collins describes this as a heavy restriction, and if inflation continues, "will cause problems."

Meeting, Chartered Insurance Institute, E.C., June 2, noon.

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HIGHLIGHTS

The week-end post bag contains a number of annual reports including **Guardian Royal Exchange** and **Lesney**, while this week promises to be equally active. Today interim figures are due from **Commercial Union**, while to-morrow final figures are scheduled from **Richard Costain** and **Sears Holdings**, together with interims from **Ranks Hovis McDougall**. On Thursday **Royal Dutch/Shell Group's** interim statement is being announced and on the same day the insurance industry is further represented by **Royal Insurance** also producing its interim results.

IPC TO INCREASE U.S. INTEREST

International Publishing Corporation, a subsidiary of Reed International, is planning to increase, subject to Bank of England and Treasury permission, its investment in **Cahners Publishing Company** of the U.S. from 36 per cent. to 79 per cent.

Cahners, now publishes 26 magazines and operates trade shows and a book division, and has assets in the rgeion of $25m.

Rush and Tompkins progress

TURNOVER of property investors and developers, **Rush and Tompkins Group**, increased from £24.39m. to £26.49m. in 1975, and pre-tax revenue advanced from £641,693 to £673,561, after a downturn from £320,000 to £233,000 at mid-way.

A surplus of £8.83m. on revaluation of properties has been credited to capital reserve.

Earnings per 25p share for the year were down from 3.37p to 3.19p. A final dividend of 1.461p lifts the net total from 2.13p to 2.336p.

Tax takes £359,719 (£309,860), leaving £313,842 (£331,833).

In the directors' opinion the current market value of the properties is not less than £19.56m. which, with properties included at cost £1.25m., gives a total included in accounts of £20.81m.

Fortnum & Mason advance

Profit before tax of department store, **Fortnum and Mason**, rose to £568,610 for the 53 weeks ended January 31, 1976, compared with £510,790 in the previous year.

The net *final dividend* is 15.5p per £1 share making an unchanged 19p total.

	53 weeks 1975-76 £	52 weeks 1974-75 £
Profit before tax	568,610	510,790
Tax	320,415	276,724
Net profit	248,195	234,066
Divid'nds	[illegible]	[illegible]
Revenue surplus	[illegible]	[illegible]

Jessel Toynbee's reserves

MR. DAVID JESSEL, chairman of discount house **Jessel Toynbee and Co.**, stresses in his annual statement, the importance of having substantial reserves available at a time when the general economic outlook is so uncertain.

For the year to April 5, 1976, after paying the maximum allowable dividend, the directors are again transferring £500,000 to inner reserves. In addition a similar amount has been added to these reserves before striking the profit and they now stand at a record level.

Mr. Jessel points out that the year has been one of varying fortunes and fluctuating rates. Capital losses made on the rising MLR rates were more than recouped by profits made when rates fell, though the margin between cost of money borrowed and the yield on securities narrowed and for a time "even became negative."

Despite the difficulty of predicting changes in rates the company *had a "most successful" year* with a net profit of £804,521 against the year's high figures of £1.03m. The net dividend is up from 4p to 4.136335p.

The most significant factor, says the chairman, has been the opposing pressures on interest rates—"This financial tug-of-war continued throughout the year and we are alert to its implications. Indeed we reduced our book by £100m. within a fortnight of the end of our year, which was prudent in view of the subsequent *rise in short-term money rates.*"

Record issues of Treasury bills proved a popular and profitable investment with customers, thus providing the company with a greatly increased turnover. And the need of the Government to fund has provided good opportunities for jobbing.

The company managed to maintain and "indeed enlarge" business in commercial bills and has been successful in widening the market for this type of paper.

The currency department took *full advantage of the fall in U.S.* rates and made a significant contribution to overall profits.

Meeting, 39 Cornhill, E.C.3, June 2 at 3.30 p.m.

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F. J. Lilley orders at peak level

THE ORDER BOOK of **F. J. C. Lilley**, civil engineers and public works contractors, is again at a record level, reports chairman Mr. J. Aitken in his annual statement.

For that reason, and because of the group's entry into the overseas market, Mr. Aitken says, it is reasonable to expect that its trading position will be maintained.

Major contracts in Hong Kong and in Ajman in the United Arab Emirates, will make substantial contributions to turnover for several years to come, he points out.

The chairman also tells members there is reason to believe that, in the current year, the overseas involvement will be expanded.

As reported March 25, pre-tax profit expanded from £1.62m. to £2.02m. For the year to Jan. 31, 1976 the net dividend total is lifted from 1.662p to 1.7732p and a 1-for-2 scrip issue is proposed for holders registered April 23.

Group resources are described as "gratifyingly liquid." The source and application of funds statement shows an increase in net liquid funds of £958,340 (£694,054).

Meeting, Glasgow, June 1, at noon.

R. H. Cole recovery continues

THE RECOVERY at **R. H. Cole** suggested by the improved performance *at the end of 1975 has* been generally confirmed in the first quarter of the current year, says Mr. P. H. Cole, chairman, in his annual review.

And if profits can be maintained, results for the year "should show a substantial increase," he adds.

On May 1 it was reported that pre-tax profit declined from £1.42m. to £0.3m. during 1975—adjusted for inflation the outcome was a loss of £12,000, compared with a profit of £1.64m. By adopting the *Sandilands* proposals, profit (excluding associates) at £188,299 would be reduced by £10,000.

Excluding associates, profit is split as to: plastics and chemicals £0.11m. (£1.07m.), electronics £0.17m. (£0.22m.), *equipment* £95,213 loss (£25,110 profit).

The results, says Mr. Cole, were adversely affected by the industrial recession but although disappointing, they illustrate the protection afforded to holders by the diversity of interests within the group.

During 1975 stock levels were reduced to conserve *liquidity*, resulting in a strong cash position—a statement of source and application of funds shows a net increase in bank balances and cash of £0.78m. (£0.39m. decrease). At year-end bank balances and cash stood at £327,844 (£4,676) and the 1974 bank overdraft of £453,853 was eliminated.

Mr. Cole reports that considerable progress has been made towards implementing plans for a major redevelopment of plastics compounding activities—the *directors expect to derive an* immediate benefit from new plant installed in 1975.

Referring to Cole Equipment, the chairman says that trading conditions during 1975 were aggravated by a disastrous fire. The company has now been reorganised and rehoused "and is fully capable of meeting its production targets." Present indications are that the company will contribute to profits in 1976, he adds.

As to the 33 per cent. owned *associate*, CPS Equipment Benelux NV/SA, Mr. Cole reports that its markets in Europe did not improve in 1975 and, pending a final decision by the participants as to a possible long-term reorganisation, "we do not intend to incur further expenditure."

Monsanto holds 22.4 per cent. of the Ordinary.

Meeting, Winchester House, E.C., June 1, noon.

Terry Kirk

Mr. P. M. Tapscott the chairman of Lesney Products.

BP in fish farming venture

British fish farming know-how and research expertise will be the basis of a new company to be called **Fish Farm Development International**, to be formed by BP (49 per cent.), through its subsidiary BP Proteins, and the Fish Farm Development Group (51 per cent.).

The company will supply advice and technical assistance on all stages of fish farming, from farm planning to product marketing.

World-wide, fish farming has doubled output over the last decade, and now supplies some *12 per cent. of the fish sold* for human consumption. Growth outside Europe has been particularly strong in the non-luxury species such as Carp and Tilapia, although Salmon and Trout have tended to dominate Europe's development.

With this growth it has become clear that there is an increasing need for the fully-integrated and broadly-based service that helps farms to develop efficiently and solves the problems that can arise in large-scale fish husbandry.

London & Provincial Shop

London and Provincial Shop Centres (Holdings) announces completion of a nine-storey air-conditioned office building—Windsor House, of Slough. It has 56,000 sq. ft. gross floor area (40,000 sq. ft. net office space) and has been let at a rental of approximately £6 per sq. ft.

The tenant is the EMI Group, and the space will be used by its medical division as the headquarters of the brain and body scanner which has been recently announced as a major development in diagnostic medicine.

Garnar Scotblair confident

Sir Kenneth Newton, chairman of **Garnar Scotblair**, tanners and leather makers, confirms in his annual statement that current trading is buoyant and that all tenancies are operating at full capacity.

Reflecting a second half resurgence of interest in leather of all types supplied by the group, pre-tax profits jumped from £541,000 to £710,000 in the year to January 31, 1976. As known, the net dividend total is raised from 2.089p to the maximum 2.1759p.

The directors have already forecast a Treasury approved dividend of 3.25p for the current year, on capital to be increased by *the rights issue (raising about* £338,500 net) of new Ordinary shares to holders of Ordinary and the 9 per cent. Convertible loan stock 1985.

Sir Kenneth reports that exports reached £3.6m. in the year, the major proportion being to North America and Western Europe. The directors have continued the merchandising policy of operating in as many markets as possible and producing for a wide range of leather-using industries.

He points out that, by concentrating manufacture on supplies from domestic sources, some of the speculative element associated with overseas buying of hides and skins has been reduced.

Meeting, The Grange, Bermondsey, S.E., June 11 at 2.30 p.m.

Optimism at Relyon

HAVING COME through two difficult years with a degree of success, Mr. W. F. Curtis, chairman of **Relyon PBWS**, makers of mattresses and divans, says that he is encouraged to feel optimistic about the future. Turnover for the first quarter of the current year is up "very satisfactorily."

In the year ended January 3, 1976, group pre-tax profits increased from £848,389 to £971,166.

The chairman says that the bedding division performed very well, although demand for toys was disappointing and turnover in this sector fell short of budget. Bedding sales, however, remained buoyant throughout the year, although because of price restraint and competition the profit increase did not match the sales rise.

Referring to inflation accounting the chairman points out that the effect of the current Sandilands proposals would be to lower the pre-tax profit of £770,000.

Members are told that cash flow has been very satisfactory, party due to tax relief on stocks, and cash at bank and on short term deposits has increased by nearly £480,000 as stocks have been trimmed back.

Meeting, Wellington, Somerset, June 4 at noon.

Lesney aiming for further profit rise

A FURTHER increase in profits for the current year is expected by **Lesney Products**, the toy manufacturing group. Chairman Mr. P. M. Tapscott said over the week-end that the group was *budgeting to do a bit better than* last year and results for the first two months of 1976-77 were in line with expectations.

Over the year the group would be increasing capital expenditure to over £2.5m. compared with £1.5m. in 1975-76. Part of the money would go towards the cost of a new warehouse complex in London and the balance for plant and machinery generally, he explained.

In his annual report out to-day the chairman says it is evident that the trading base for operations is stronger and will be used to develop marketing and production strategies to enable further growth to be achieved. To this end, a major reorganisation of group structure has been planned and implementation will increase the depth of management, which is essential as the business grows.

Considerable effort has continued to be devoted to the product range which this year is even wider, says Mr. Tapscott.

As reported on May 5 with a 1-for-10 rights issue, profits before tax for the year ended February 1, 1976 were up from £3.86m. to £6.85m. The dividend is 1.625p net and a total of 2.34p is forecast for the current year.

The chairman says that continuance of stock relief provisions will mean a substantial deferral in U.K. corporation tax. This is of great assistance to the financing of current assets which are seriously affected by the level of inflation.

The consolidated balance sheet shows the result of a successful cash conservation policy resulting *in a decrease of net borrowings* by £1.9m. Medium-term bank loans of £2.45m. have been negotiated.

The loans are to fund working capital and to reduce the threat from periodic credit squeezes, says Mr. Tapscott.

New investment was in total considerably lower than is desirable if the group is to maintain its competitiveness worldwide.

The new year opened with another appalling collapse in the international value of sterling and *it will not be long before the* group is paying substantially more for its imported raw materials and a further twist to the spiral of inflation is started. "Internationally we must remain competitive," says the chairman.

Meeting, Hyde Park Hotel, S.W., June 29, at noon.

Smith. St. Aubyn

The consolidated balance sheet of **Smith St. Aubyn and Co. (Holdings)** shows a total up from £213.7m. at April 3, 1975 to £255.4m. at April 5, 1976, reflecting an increase from £123.6m. to £160.6m. in bills discounted, less rebate

Quoted investments less reserve stood at £59.85m. (£63.05m.)—British Government £32.4m. (£14.4m.) and British Corporation and Commonwealth stocks and bonds £27.4m. (£48.7m.). Investments reflect the holding after offsetting a "bear" position, it is noted.

Chairman, Mr. J. F. E. Smith, stresses that the balance sheet of Smith St. Aubyn and Co. reveals just one moment in time—the portfolio changes repeatedly and often with "great rapidity." He gives two examples: its size has varied between £304m. and £142m.; and the gilt-edged holding has varied between £52.75m. and minus £3m.

As reported April 27, the year under review was satisfactory with after tax net profit up from £1,146,000 to £1,355,000 and the net dividend effectively lifted from 3.57p to a maximum permitted 4.08p. Mr. Smith points out that the earnings increase in itself is "most pleasing" as the *previous year's tax charge* was abnormally low.

The group's business is that of discount brokers and bankers.

Meeting, White Lion Court, Cornhill, E.C.3, June 1 at 12.30 p.m.

Liquidity improves at Rotaflex

THE 1975 accounts of **Rotaflex (Great Britain)** show a substantial improvement in the group's liquid position, with bank and cash balances standing at £676,400 at the year-end, compared with £167,300 *twelve months previously*, and overdrafts down to £225,800 from £738,400. Net current assets stood at £2.29m. compared with £1.56m.

The major factor in achieving this, explains chairman Mr. M. Frye, was substantial reduction in stocks and work in progress—without affecting the ability to deliver at short notice—resulting from a review of operating procedures.

Mr. Frye repeats his statement made with the preliminary figures issued in March that providing the presently indicated upturn in *demand continues, he has* "every expectation" that 1976 will bring a "significant" improvement in results compared with the year under review.

He says the "relatively small" reduction in 1975 taxable profits to £637,700 (£791,400), in a year of widespread depression, reflects the drive to improve efficiency and to develop further export markets. As known, the dividend total is the maximum permitted 0.7881p (0.7291p) net.

Adoption of some of the prin*ciples outlined in the Sandilands* report gives an adjusted pre-tax profit of £870,000, which includes £394,000 current purchasing power credit adjustment to the net monetary assets, less liabilities.

As known, the company recently increased its shareholding in its French subsidiary, Societe Nouvelle des Etablissements Jumo by 47.4 per cent. to 97.4 per cent.

Principal manufactures of the group are electric light fittings and systems, sanitary and shower appliances, etc. Meeting, 241, City Road, E.C., June 2 at 10 a.m.

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BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—London and Provincial Shop Centres, S. Osborn, Petrocon, Staveley Industries, Triconville.

Finals—Aberdeen Investments, Anglo African Finance, Bishopsgate Trust, European Ferries, Shellabear Price, Alfred Walker, Thomas Warrington, Young Companies Investment Trust.

FUTURE DATES

Interims—	
Akroyd and Smithers	May 17
Chemring	May 20
McMullen and Sons	June 8
Redfearn National Glass	May 14
Finals—	
Ash Spinning	May 13
Chalmers (E.)	May 14
Chamberlin and Hill	May 19
Coats Patons	May 20
External Investment Trust	May 12
Harrison (James)	May 14
Investment Trust Corporation	May 18
King and Shaxson	May 13
Lennon Bros.	May 17
Pritchard Services	May 24
Runciman (Walter)	May 19
Transatlantic and General Invs.	May 13

RESULTS AND ACCOUNTS IN BRIEF

EVERED AND CO. HOLDINGS (consumers' hardware, builders' hardware and plastic products, etc.)—Results 1975 and observations on prospects reported April 15. Group fixed assets £1.57m. (£1.24m.). Net current assets £1.21m. (£1.09m.). Directors' emoluments include £16,708 (£10,000) compensation for loss of office. Meeting, Birmingham, May 25, noon.

FARNELL ELECTRONICS—Results for year ended January 31 1976, reported April 23. Fixed assets £1,301,445 (£1,209,581). Net current assets £4,415,775 (£3,647,122). Chairman takes optimistic view for this year's trading, despite view for this year's trading, despite present economic uncertainties. Former chairman, Mr. A. C. Farnell has become life president of group. Meeting, Leeds, May 27, at 1 p.m.

HOME COUNTIES NEWSPAPERS—Results for 1975, reported March 23. Group fixed assets £784,015 (£725,381). Net current assets £[illegible] (£711,929). Chairman says group's papers are all enjoying marked increase in property advertising volumes and motors are showing signs of improvement. Other categories not [illegible] buoyant although there are no signs of further decrease in volume. As at March 19, 1976, County Newspapers held 25.25 per cent. of Ordinary and County Bank 25.12 per cent. Meeting, Luton, Beds, May 3, at 11.30 a.m.

MONTGOMERIE AND CO.—Subsidiary of United Biscuits (Holdings)—Turnover for 52 weeks to January 3, 1976 £[illegible] (£[illegible]). Profit [illegible] tax (£[illegible]) less tax £146,[illegible] (£[illegible]).

NORTH BRITISH CANADIAN INVESTMENT COMPANY—Results year to February 29, 1976 and net asset values reported April 3. Chairman, Mr. J. A. Falconer says year ahead is unpredictable but estimates indicate the company should at least maintain increased rate of dividend. Meeting, Edinburgh, May 28 at 10.45 a.m.

MINING BRIEFS

KILLINGHALL TIN—April tin output 40 tonnes (March, 45 tonnes).

HONG KONG TIN—April tin output half tonne (March half tonne).

PAHANG CONSOLIDATED—April output of Tin concentrates 155 tonnes (March 77 tonnes).

SAINT PIRAN—April Tin production U.K. [illegible] treated 16,[illegible] 101 tonnes March [illegible], Malaysia 15 (March 12).

Pending dividends

For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming Board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent. shown in the column headed "Announcement last year." Preliminary profit figures usually accompany final dividend announcements.

	Date	Announcement last year
Akroyd and Smithers	May 14	Int. 18.8%
Allied Irish Banks	May 12	Final 13½%
Anglo-American Group	June	dividends
Anglo-Transvaal Group	June	dividends
Arbuthnot Latham	June 13	Final 7.4%
Armitage Shanks	June 11	Final 12%
Assoc. British Foods	June 9	Sec. int. 31.9%
Associated Engineering	May 27	Int. 6.1%
Baker Perkins	May 8	Final 5.4%
Bass Charrington	May 27	Int. 8.3%
Beechams	May 21	Final 16.4%
Barry Wiggins	May 19	Final 7.5%
BOC Intnl.	June 13	Int. 5.8%
Boots	May 20	Final 17.8% §
Brockhse. (J.)	May 28	Int. 7.7%
Bunzl Pulp	May 11	Final 9.5%
Cater Ryder	May 15	Final 17%
Charrington Gardner	June 17	Final 11.7%
Charter Cons.	June 4	Final 24.4%
Charterhouse Group	May 27	Int. 5.6%
Chloride	June 18	Final 15.3%
Coalite and Chemical	May 28	Final 4.9%
Coats Patons	May 28	Final due
Cohen (Geo.) 600	June 12	Final 10.8%
Compair	June 16	Int. 6.1%
Costain (R.)	May 11	Final 13.2%
Courtaulds	May 20	Final 23.1%
Debenhams	May 18	Final 18.1%
De La Rue	June 3	Final 26.2%
Duport	May 18	Final 11.6%
Elec. Rentals	June 12	Final 11.9%
European Ferries	May 19	Final 6.9%
Ever Ready	May 21	Final 14.3%
Exchange Telegraph	May 20	Final 10.4%
Finlay (Jas.)	June 3	2nd int. 6%
French Kier	May 17	Final 6.3%
Furness Withy	May 18	Final 3.8%
General Mining Group	June	dividends
Gold Fields Group	June	dividends
Grand Metropolitan	June 12	Int. 4.3%
Guthrie Corpn.	June 12	Final due
Hambros	June 12	Final 23.2%
Hardy and Co. (Furnishers)	May 20	Final 10.3%
Harrisons and Crosfield	June 16	Final 18.8%
Hays Wharf	May 22	Int. 1.9%
Head Wrightson	May 14	Final 6.9%
Hickson and Welch	June 4	Int. 9.2%
Hill Samuel	June 10	Final 15.4%
International Combustion	May 21	Final 9.2%
International Paint	May 20	Final 8.8%
Jo'burg Cons. Group	June	dividends
Johnson Matthey	June 10	Final 5%
K Shoes	May 28	Int. 4.7%
*Lloyds and Scottish	May 12	Int 8.7%
*Mallinson (William)	May 18	Final 6.3%
Manbre and Garton	Apr. 22	Int. 4.7%
*Marley	May 26	Int. 9.2%
McCorquodale	June 2	Int. 8.1%
*Metal Box	June 8	Final 9%
*Morgan Crucible	May 27	Final 9.5%
*National Bank of Australasia	May 13	Int. 8½%
Northern Foods	May 27	Int. 6.1%
Ozalid	May 20	Final 19.3%
Pegler-Hattersley	June 12	Final 20%
Pilkington Bros.	June 18	Final 6.7%
Plantation Holdings	May 21	Final 13.2%
Portals	May 12	Final 21.6%
Press (Wm.)	May 20	Final 25.3%
Rand Mines Group	June	dividends
Rand Selection	June 6	Int. 20%
*Rank Hovis	May 11	Int. 6.7%
*Ransome Hoffman	May 19	Int. 7.9%
*Readicut Intnl.	May 19	Final 22.5%
Reed Int.	May 28	Final 7.9%
Samuel (H.)	May 19	2nd int. 39.2%
*Sears Hldgs.	May 11	Final 11.7%
*Serck	May 13	Int. 4.2%
Stadex Intnl.	May 22	Final 6.5%
*Staveley	May 16	Int. 4.6%
Swan Hunter	Apr. 29	Final 4.1%
Tobacco Securities Trust	June 11	Int. 18.1%
Trafalgar House	May 22	Int. 10.5%
Tunnel Hldgs.	June 12	Final 17.4%
UBM	June 12	Final 15%
UDS	May 16	Final 16.5%
Union Cpn.	June	dividends
Ward (Thos. W.)	June 18	Int. 7.5%
Wedgwood	May 22	Final 12.9%
Woodhead (Jonas)	June 15	Final 34.2%
Whitbread Invest.	May 19	Final 10.4%

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

Local Authority Investments

LOCAL AUTHORITY loan rates tended to ease slightly last week and conditions in the money market in general were rather quiet. The firm tone in the two- and seven-day periods reflected the overall lack of short-term funds.

The gilt-edged market was stronger at the end of the week, on consideration of the Government-TUC pay agreement, and the Financial Times Government Securities Index improved to 63.07 from 62.16 on the previous Friday.

One-year local authority bonds were placed during the week at par with a coupon of 10¾ per cent., to offer a yield ⅛ per cent. lower than the previous week's batch.

	*Rate (%) May 7, 1976
2 days' notice (deposit receipt)	9¾ — 9⅞
7 days' notice (deposit receipt)	9¾ —10
7 days' notice after one month (deposit receipt)	9¾ —10
7 days' notice after three months (deposit receipt)	9¾ —10
7 days' notice after six months (deposit receipt)	10 —10¼
Mortgage at one month's mutual notice after 11 months	10½ —10⅝
Mortgage at one month's lender notice after 11 months nominal term 3-5 years	n.a.
2 years' mortgage	11⅞†
3 years' mortgage	12½ —12⅝†
4 years' mortgage	12¾ —13†
5 years' mortgage	13⅛ —13⅜†
6-10 years' mortgage	n.a.
11-30 years' mortgage	n.a.

*Rates are for sums not less than £20,000 and are subject to local variation and fluctuation. † Nominal. ‡ Shorter periods may attract higher rates than longer. n.a. Not available.

Public Works Loan Board rates

Effective from May 1, 1976

Year	Quota loans Repaid By instalments	Quota loans Repaid At maturity	Non-quota loans* Repaid By instalments	Non-quota loans* Repaid At maturity
Up to 5	11⅛	11⅜	12⅛	13⅛
Over 5, up to 10	11⅞	12¾	13⅛	14
Over 10, up to 15	12	14¼	13⅜	14⅜
Over 15, up to 25	13⅜	14⅜	14	14⅝
Over 25	14¼	14¼	14⅝	14⅝

* Non-quota loans B are 1 per cent. higher in each case than non-quota loans A.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price p	+ or —	Div. Amount	Times Covered	Gross Yield	P/E Ratio
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Berry Pacific Fd. US$1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Brasilvest S.A.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	ITC. India	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price £	+ or —
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price p	+ or —
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

INTERNATIONAL COMPANY NEWS

Electrolux sees profit recovery

BY WILLIAM DULLFORCE

STOCKHOLM, May 9.

IN ITS final report to shareholders for 1975 Electrolux, Sweden's multinational domestic appliance and industrial cleaner group, spells out its earlier forecast of a profit recovery this year following an unexpected dip in 1975 earnings. The pre-tax profit fell from Kr.469m in 1974 to Kr.356m. (£44.5m.) last year despite a 16 per cent. turnover growth to Kr.6.43bn. (£804m.).

The upturn in the business cycle, particularly in the U.S. is raising demand for the group's products. National Union Electric (NUE), one of the U.S.'s biggest vacuum cleaner manufacturers, taken over in 1974, is expected to continue its sales and earnings growth. The French Martin group, acquired last year, should help boost Electrolux's consolidated sales to around Kr.8bn. (£1bn.) this year and eventually provide a good return on invested capital.

The Kr.55m. loss sustained by the Facit typewriter and office equipment subsidiary, which was a major factor in the decline in group earnings last year, is expected to be reduced substantially in 1976. The loss-making production of electronic calculators in the U.S. has been closed down and a loss-making contract for the delivery of bank terminals has been terminated. Manufacturing of peripheral data products is showing a satisfactory profit development and hope is attached to a new typewriter just launched on the market.

A faster turnover in stocks and claims on customers, which together rose by only Kr.146m. (£18.3m.), helped to improve group liquid assets last year. Cash and bank holdings at the end of the year were Kr.442m. (£55.3m.) compared with Kr.265m. a year earlier.

The equity-debt ratio remained practically unchanged at 29 per cent. after new issues during the year raised the share capital from Kr.624m. to Kr.749m. Short-term bank borrowing rose by Kr.145m., accounting for the bulk of the increase in the short-term debt, while the long-term debt, including pension allocations, rose by Kr.241m. Net interest payments were up Kr.36m. to Kr.129m. A new issue of shares to the Schweizerische Bankgesellschaft, Zurich, in January raised the equity to Kr.803m.

Britain remains Electrolux's biggest national market outside Sweden but the acquisition of the Martin companies and more recently the Tornado company, producing vacuum cleaners in Holland and France, underlines the Swedish group's expansion on the Continent. Over the last two years, due mainly to the NUE takeover, the American market share of total turnover has risen from 7 to 16 per cent. Last year Electrolux sold 4.6m. vacuum cleaners and household floor polishers worldwide.

World Economic Indicators

UNEMPLOYMENT

	April '76	March '76	Feb. '76	April '75
U.K. 000's SA	1,233.8	1,226.7	1,232.5	794.0
%	5.3	5.3	5.3	3.4
U.S.A. 000's SA	7,040.0	7,027.0	7,136.0	8,176.0
%	7.5	7.5	7.6	8.9
West Germany 000's	1,093.7	1,190.0	1,346.7	1,087.1
%	4.8	5.2	5.9	4.7
Holland 000's	212.8	228.5	250.0	193.4
%	5.2	5.6	6.1	4.7
Belgium 000's	220.1	221.3	226.2	160.3
%	8.5	8.5	8.6	6.1
	March '76	Feb. '76	Jan. '76	March '75
France 000's	938.0	978.0	1,017.0	755.0
%	4.3	4.5	4.6	3.2
	Feb. '76	Jan. '76	Dec. '75	Feb. '75
Japan 000's	1,250.0	1,240.0	1,050.0	1,080.0
%	2.4	2.4	2.0	2.1
	Jan. '76	Oct. '75	July '75	Jan. '75
Italy 000's	681.0	699.0	648.0	603.0
%	3.5	3.6	3.6	3.1

Major loss revealed by Sidmar

GHENT, May 9.

SIDMAR has revealed a loss for 1975 of B.Frs.1.54bn. (profit B.Frs.789m) No dividend is payable (B.Frs.375).

Profits brought forward were B.Frs.33m. (BFrs.25m.), which reduced the loss to B.Frs.1.5bn.

Turnover was B.Frs.16.05bn. (B.Frs.22.95bn.), cash flow minus B.Frs.583m. (plus B.Frs.5.6bn) and depreciation reached B.Frs.541m. (B.Frs.4.4bn)

The company said the depressed steel market meant sales were insufficient to cover operating costs.

Investments have been restrained and the programme aimed at eventual annual steel production of 3.2 m. tonnes has been slowed down.

Steel output in 1975 was 2.10m. tonnes (2.30m.).

Investments during the year were B.Frs.2.6bn. (B.Frs.3.4bn.). Reuter

Money and Exchanges

Bank of England Minimum Lending Rate 10½ per cent. (since April 23, 1976)

Short-term fixed period interest rates remained fairly steady last week in fairly quiet business. At the weekly Treasury bill tender the average rate of discount fell by 0.0231 per cent. to 9.9201 per cent. and Bank of England Minimum Lending Rate was unchanged at 10½ per cent.

Day-to-day credit was in short supply overall and the authorities may have felt that with the continued nervousness surrounding sterling, a reminder should be given to the market that a reduction in Minimum Lending Rate on Friday would not be helpful. Official overnight loans were therefore made to the discount houses on the first three days of last week.

On Monday the authorities lent a moderate amount to three or four houses, overnight at MLR, and further moderate assistance was given on Tuesday by lending to three or four houses. Very large assistance was given on Wednesday, by large purchases of Treasury bills and by moderate lending to one or two houses. A large shortage was relieved on Thursday and Friday by buying Treasury bills from the houses.

Sterling was weaker on balance in the foreign exchange market last week, closing on Friday at $1.8230-1.8240 a fall of 1.70 cents on the week. News that South Wales miners intend to press for wages of £100 a week pushed the pound down to $1.8280-1.8290 on Monday, but optimism about the outcome of the Government's talks on pay with the TUC helped sterling to improve on Tuesday, and before the terms of the agreement were announced on Wednesday the pound touched its best level of the week at $1.8440-1.8450.

Some disappointment at the level of the settlement was reflected in a further decline of the pound on Wednesday evening to $1.8245-1.8255, and in the further fall to $1.8230-1.8240 on Thursday. The general level of selling was not heavy however and the amount of support given by the Bank of England was fairly small overall. Sterling's trade-weighted depreciation, as calculated by the Bank of England, ended at 37.7 per cent. compared with 36.9 per cent. on the previous Friday.

The U.S. dollar's depreciation, as calculated by Morgan Guaranty of New York widened to 1.96 per cent. from 1.80 per cent.

Import controls and foreign exchange control measures pushed the Italian lire up to L857½ in terms of the dollar from L903 at the end of the previous week. The worst level touched by the lire was L931½, before the introduction of the new controls.

The Swiss franc continued to improve, mainly on nervousness about sterling and the lira, closing on Friday at Sw.Frs.2.4770 against Sw.Frs.2.5160 on the previous Friday. The highest closing level touched by the Swiss unit was Sw.Frs.2.4652½ on Thursday.

Gold showed little change on Thursday following details of the IMF's future gold auctions, and closed on Friday at $127¾-128¼, a fall of $¾ on the week.

May 7 1976	Sterling Certificates of deposits	Interbank	Local Authority deposit*	Local Auth. negotiable bonds	Finance House deposit	Company deposits	Discount market deposits	Treasury bills ф	Bank Bills ф	Fine trade Bills ф
Overnight	—	9⅞-10¼	—	—	—	10¼	9-10¼	—	—	—
2 days notice	—	—	9¾-9⅞	—	—	—	—	—	—	—
†7 days or 7 days notice	—	9⅞-10⅛	9⅞-10	—	—	—	9¾-10¼	—	—	—
One month	10-9⅞	9⅞-10	9⅞-10	10¼-9¾	9⅞-10⅛	—	9⅞-9⅝	9⅞	9⅞-9⅞	10¾-10⅞
Two months	10-9⅞	9⅞-10⅛	—	10¼-9¾	10-10⅛	—	9⅞-9⅝	9⅞-9⅞	9⅞-9⅞	10¾-10⅞
Three months	10-9⅞	10-10⅛	9⅞-10	10¼-9¾	10¼-10¾	—	9⅞-9⅝	9⅞-9⅞	9⅞-9⅞	10¾-10⅞
Six months	10 9⅞	10 10⅛	10-10⅛	10¼-9¾	10¼-10¾	—	—	—	9⅞-9⅞	11
Nine months	10¼-10⅛	10⅛-10⅜	—	10⅛-10	10½-11	—	—	—	—	—
One year	10⅞-10⅞	10⅞-10⅞	10⅞-10⅞	10¾-10⅛	11⅛	—	—	—	—	—
Two years	—	—	11⅞	—	—	—	—	—	—	—

† Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rate nominally three years 12½-12⅝ per cent.; four years 12⅞-13 per cent.; five years 13⅛-13⅜ per cent. ф Bank bill rates in table are buying rates for prime paper; buying rates for four-month bank bills 9[15/16]-9⅞ per cent.; and four-month trade bills 11-10⅞ per cent. Approximate selling rate for one-month Treasury bills 9[11/16] per cent.; two months 9⅝-9[11/16] per cent.; and three months 9[27/32]-9⅞ per cent. Approximate selling rate for one-month bank bills 9[13/16]-9⅞ per cent.; two months 9[13/16]-9⅞ per cent., and three months 9⅞ per cent.; for one-month trade bills 10⅞-10⅜ per cent.; two-month 10⅞-10⅜ per cent.; and three-month 10⅞-10⅜ per cent.

Finance House Base Rates (published by the Finance Houses Association) 9 per cent. from April 1, 1976. Clearing Bank Deposit Rate for small sums at seven days' notice 5½ per cent. Clearing Bank Base Rate for lending 9½ per cent. Treasury Bill Average tender rate of discount 9.9201 per cent.

EURO-CURRENCY INTEREST RATES*

May 7 1976	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W. German mark	Swiss franc
†Short term	15½-15¾	4¾ 5¼	7¼-8¼	5⅜-5⅝	3¼-3½	¾-1
7 days notice	15½-15¾	4⅞-5⅛	8¼-8	5⅜-5⅝	3¼-3½	¾-1
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Euro-French deposit rate: [illegible]

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars, two-days' notice for guilders and Swiss francs.

GOLD MARKET

	May 7	May 6
Gold Bullion (a fine ounce) Close	$127¾-128¼	$126¾-127¼
Opening	$127¾-128¼	$126½-127¼
Morning fixing	[illegible]	[illegible]
Afternoon fixing	[illegible]	[illegible]
Gold Coins domestically Krugerrand	[illegible]	[illegible]
New Sov'rgns	[illegible]	[illegible]
Old Sov'rgns	[illegible]	[illegible]
Gold Coins internat'ly Krugerrand	[illegible]	[illegible]
New Sov'rgns	[illegible]	[illegible]
Old Sov'rgns	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]
$10 Eagles	[illegible]	[illegible]
$5 Eagles	[illegible]	[illegible]

EXCHANGE CROSS-RATES

May 7	Frankfurt	New York	Paris	Brussels	London	Amsterdam	Zurich
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New York	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
London	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U.S. $ in Montreal. [illegible]

SPECIAL DRAWING RIGHT RATES

	May 7	May 6
[illegible]	[illegible]	[illegible]

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

OTHER MARKETS

		Note Rates
[illegible]	[illegible]	[illegible]

FOREIGN EXCHANGES

May 7 1976	Bank Rate %	Day's Spread	Close
[illegible]	[illegible]	[illegible]	[illegible]

FORWARD RATES

	One month	Three months
[illegible]	[illegible]	[illegible]

MINING NOTEBOOK

You don't go broke by taking a profit

BY LODESTAR

IT IS A long time since I devoted space in this column to answering readers' queries. A sufficient number of general interest have now piled up to make the exercise worth while. And it is pleasing to note, for once, that some contain questions on whether profits should be taken.

Heading the list in this respect is Consolidated Murchison, the South African antimony producer about which a good deal has been written here during recent months. Well, there is certainly a worthwhile profit and nobody went broke taking one. Investment currency premium payers should also note that the premium has been up to peak levels. Any setback there would tend to carve something off Murchison's price.

Even so, the shares still have their enthusiasts. London brokers Laing and Cruickshank continue to believe that "this stock represents the most exciting growth market in metals for 1976." They add that "we would certainly buy at 925p downwards should the stock trade back and continue to believe that £15 should be aimed for in 1976." Friday's price was 920p.

My own advice would be to take part profit at least, with the object of getting in again lower down should next month's interim prove a disappointment (in relation to hopes of a full-year total of 200 cents or more) as it may well do, in view of the management's innate conservatism born of long experience of the antimony market's great volatility.

Platinum shares

Another query is: Should platinum shares be retained after their strong recovery this year? Here again, the investment currency premium must be accounted a factor, but, this apart, there appears to be no hurry to sell when prospects for the metal seem to be on the upgrade, as indicated by Rustenburg's announcement last month that it is to expand output above the cut-back level of 0.9m. ounces per annum, a move that would be followed by Impala. There could also be an increase in the producer price of platinum before the year is out. It was cut from $170 to $155 an ounce last October.

Last Monday you were pointing out the big recoveries in the prices of Durban Deep and Grootvlei, but what about West Rand Consolidated? They have had an even more remarkable rise, points out a reader, and should the shares be sold? Probably yes. Like the other shares mentioned, West Rand seems to have been swept up in a buying euphoria for marginal South African mines that can be explained only by an enthusiasm for the future of the gold price that few can yet justify.

True, the excitement in West Rand was also sparked by its change-back in production emphasis from gold to uranium, and the increasing evidence that the South African gold-mining industry is going to make more money more quickly out of this by-product than seemed likely not so long ago. But the market feeling is that a sudden speculative rise such as this could be exploited by uranium buffs to switch into more solid gold-uraniums, such as Vaal Reefs, Buffels and President Brand or even Randfontein, although it would be wise to wait for a dull day for the latter in view of its recent gyrations.

Pancontinental

The next inevitable question, of course, is what about Pancontinental in whose shares there seems to be tremendous interest on this side of the world, despite the company's endeavours to put an Australian tag on its equity, as reported here in a letter from the chairman a fortnight ago. Last week the shares had a boost because of a rather vague statement by Resources Minister Mr. Doug Anthony that the company could "adjust" its equity situation to meet the Government's 75 per cent. Australian ownership requirement.

At the moment, on the widest interpretation it is only 52 per cent. so owned, taking into account Getty Oil's 25 per cent. stake in the Jabiluka uranium deposit itself. The Minister's supposed reassurance that Australian shareholders should not be fearful that the project will not proceed meant nothing at all. Obviously it will eventually. From the share price viewpoint the most important question is how far down the so-called sequential production list it will be.

On April 26 I said that the shares were more likely to go up than down. They were then 925p. On Friday they were £11½. Now they look more likely to go down than up in the short term, until Mr. Anthony finally makes up his mind in this long drawn-out saga.

Which brings me round to a new factor in the seething Australian uranium situation. It revolves around Western Mining's Yeelirrie prospect, which is assumed to be high on the production list in view of the company's being accounted an all-Australian one. A group of Japanese visit the project next month presumably to discuss a package for mining and processing uranium. But the disposal of waste is also believed to be on the agenda.

According to Tokyo reports the much higher cost of an Australian disposal exercise, compared with French and British proposals, are outweighed by the country's willingness to be used as a nuclear dumping ground in its great uninhabited spaces. The Tokyo report was instantly denied in Western Australia. Nevertheless, Premier Sir Charles Court announced the appointment of a six-man group of experts in the radiological field to assess the problems "if and when a proposal is made."

This has naturally aroused a new environmentalist uproar on the embattled Australian uranium scene, with leading protagonists expressing every view.

It is considered in Perth that this does not in itself constitute another strong weapon of the general anti-uranium lobby in Australia, one that is backed by the trade union movement which is already reported to be taking action against the present sole producer, the RTZ group's Mary Kathleen. But, our Perth correspondent reports, that it is considered possible that the political aspect of the waste disposal possibilities could be seized upon in Canberra by the ousted Labour Government as a prime weapon with which to belabour the new administration in a field which is undoubtedly one of the country's most tender mineral situations.

There could thus be plenty of ups and downs ahead for Australian uranium shares about which it is difficult to give any hard and fast opinions until Mr. Justice Fox has pronounced his environmental verdict, and Mr. Anthony has finally made up his mind.

Lastly, in this week's list of questions, what to do about the Selection Trust rights issue is one that is well to the fore. The shares, both old and new, have been depressed by rather hostile views expressed in various stockbrokers' circulars. But the issue price of 400p looks attractive and the rights should be well worth taking up. A market circular giving all the details is available from jobbers Stocken and Lazarus.

Another tin boost

Bull point for tin shares is that the buffer stock manager has failed in his attempt to keep the Penang price of the metal down below the "ceiling" of $M1,100 a picul. On Saturday it was $M1,155 or well on the way to testing the new "ceiling" of $1,200 that was announced by the International Tin Council on Friday when tin traded at record prices in London. The Council also increased the current quarter export quotas.

The shares selected here in March, Ayer Hitam, Gopeng, Malayan, Tronoh, London Tin and for non-premium payers Berjuntai, have all gone ahead well. They could have further to go if the Straits price goes on to test the new "ceiling."

Hachette has lower 1975 loss

PARIS, May 9.

LIBRAIRIE Hachette has reduced its net loss in 1975 to Frs.2.6m. (Frs.78.3m. in 1974), and results so far this year indicate the firm's operating position is improving.

Operating profits last year, before taking into account losses by subsidiaries, were Frs.55.2m. (Frs.36.9m.).

The company said it will seek shareholders authorisation next month to raise funds through a bond issue to consolidate medium and long-term debt falling due for repayment.

INSURANCE BASE RATES

† Atlantic Assurance ... 10½%
Cannon Assurance ... 8½%

† Address shown under Insurance and Property Bond table

INTERNATIONAL COMPANY NEWS + EURO MARKETS

EUROBONDS

Fifteen-year issue for Massey Ferguson

BY MARY CAMPBELL

BOTH dollar sectors picked up again last week, but the D-mark sector was weaker. The change was particularly marked in Canadian dollars: Commercial Credit Corporation's Canadian $20m. issue, which was cut from $25m., saw its quotation rise by almost a full point during the week though by no means back as far as the issue price of par.

The two main developments were the announcement of the first 15-year issue since April last year and the launching of a $75m. issue for Ontario Hydro Electric at the 8½ per cent. coupon level hitherto achieved only by the European Economic Community since 1974.

The 15-year issue is $50m. for Massey Ferguson Nederland at an indicated 9½ per cent. It is being managed by a group of four banks which includes all the big three Swiss banks (the fourth is Chase Manhattan Ltd.). It marks the first occasion when Swiss Bank Corporation has acted as lead manager for the dollar-denominated Eurobond issue.

The length of the maturity is tempered by the fact that a purchase fund will be operating from 1977 whenever the quotation falls below par. The issue is guaranteed by the single-A rated Massey Ferguson of Toronto.

The Ontario Hydro Electric issue is guaranteed by the triple-A rated Province of Ontario. Maturity is seven years, compared with six on the EEC issue, and lead manager Deutsche Bank.

The other two dollar issues in the market are both floating rate notes. One is $25m. for five years for Union des Banques Arabes et Francaises. The spread will be a quarter of a point with a 7½ per cent. minimum. The other is $30m. for Bayerische Vereinsbank Finance Company, also for five years and at a quarter point spread, but with the minimum set at 7½ per cent. Lead manager for the latter issue is Morgan Stanley International and for the former Crédit Lyonnais and First Chicago Ltd.

The weakness of the German market is attributed to fears that German interest rates may rise in the wake of the Bundesbank's call for further special deposits from the banking sector and the question is whether the weakness will prove temporary or not. Quotations for a number of recent issues fell by nearly a full point during the week.

Comeng bids $A25m. for William Adams

BY JAMES FORTH SYDNEY, May 9.

COMENG HOLDINGS, Australia's largest manufacturer of rolling stock, has announced a $A25.5m. share and cash takeover bid for William Adams.

According to Comeng the offer has been made to broaden the spread of activities and lessen dependence on rolling stock activities. William Adams is Australia's third largest distributor of steel and a major aluminium distributor.

It also holds the franchise in Victoria and Tasmania for caterpillar earthmoving equipment, lift trucks and engines. This franchise has been by far the largest contributor to Adams' profits in recent years. In 1974-75 the tractor subsidiary provided 65 per cent. of Adams' group profit.

Comeng is offering one of its shares plus 75 cents cash for each of Adams 8.96m. shares. On Comeng's recent price of $A2.10, the bid values Adams' shares at $A2.85, compared with a pre-bid price of $A2.30.

Adams has given no indication yet of its attitude to the approach, although Comeng chairman, Mr. David Pratten, said that preliminary talks had been held on a chairman to chairman basis.

Discussions had been going on since mid-February but a price had not previously been discussed, he said.

Comeng does not hold any shares in Adams. However, the shares are widely spread. The largest shareholder owns 5.5 per cent. of the capital and the top 20 shareholders control less than 30 per cent. of the equity.

Comeng has advised the Trade Practices Commission of its bid, but does not anticipate any difficulty on this front.

A successful bid has implications for the steel merchant and engineering operation Australian National Industries, which is a major shareholder of Comeng. ANI owns about 20 per cent. of Comeng which in turn holds 17.2 per cent. of ANI.

If Comeng succeeds in its bid ANI's holding in Comeng will drop to about 12 per cent. and it would no longer be justified in equity accounting.

This would mean a reduction of about $A700,000 from this source, a substantial percentage of ANI's predicted profit for 1975-76 of more than $A6m.

New issues on French capital market rise 28%

PARIS, May 9.

THE VALUE of new issues floated on the French capital market over the first three months of this year increased by 28 per cent. to Frs.15.45bn. from Frs.12.05bn. in the same period of 1975, figures released by Credit Lyonnais have shown.

Hennes & Mauritz expansion

By John Walker

STOCKHOLM, May [illegible]

HENNES and Mauritz (H and [illegible] a leading Swedish clothing sho[illegible] group, is going to open shops [illegible] Britain, West Germany [illegible] eventually France, the comp[illegible] announces. Its main market[illegible] target is teenage groups; it [illegible] a substantial turnover in je[illegible] and leisurewear, a sector whi[illegible] has expanded significant[illegible] during the last few years [illegible] company says.

H and M have about 80 re[illegible] outlets in Sweden, Norway [illegible] Denmark; in broadening [illegible] activities, it is thought that [illegible] best results could come fr[illegible] abroad. The concern expects [illegible] market the same style of cloth[illegible] in all of its shops. But H and [illegible] may purchase a considerab[illegible] amount of clothes from Engli[illegible] suppliers.

Indices

NEW YORK—DOW JONES

	May 7	May 6	May 5	May 4	May 3	April 30	1976 High	1976 Low	Since compilat'n High	Since compilat'n Low
Industrials	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1,011.02 (21/4)	858.71 (2/1)	1051.70 (11/1/73)	41.22 (8/7/32)
Home Bonds	72.76	72.86	72.82	72.74	72.[illegible]	75.06	75.80 (22/4)	69.11 (2/1)	—	—
Transport	214.16	212.41	211.85	212.02	210.45	212.77	215.46 (22/4)	175.69 (3/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	87.87	87.85	87.42	87.36	87.82	87.74	91.99 (4/2)	84.84 (2/1)	[illegible] (20/4/69)	10.58 (28/4/42)
Tr'ding vol. 000's	17,610	16,200	14,970	17,240	16,190	14,5[illegible]	—	—	—	—

	April 30	April 23	April 16	Year ago (approx.)
Ind. div. yield %	3.70	3.69	3.76	4.65

STANDARD AND POORS

	May 7	May 6	May 5	May 4	May 3	April 30	1976 High	1976 Low	Since compilat'n High	Since compilat'n Low
*Industrials	114.[illegible]	115.72	115.46	114.11	115.46	114.9[illegible]	118.57 (24/3)	102.64 (2/1)	134.54 (11/1/73)	3.52 (30/6/32)
†Composite	101.[illegible]	101.16	100.[illegible]	101.46	100.92	101.64	103.51 (5/4)	90.90 (2/1)	120.24 (11/1/73)	4.40 (1/6/32)

	May 5	April 29	April 22	Year ago (approx.)
Ind. div. yield %	3.44	3.33	3.28	3.76
Ind. P/E Ratio	13.68	13.85	14.00	10.35
Long Govt. Bond yield	5.60	5.58	5.49	6.14

N.Y. S.E. ALL COMMON

May 7	May 6	May 5	May 4	1976 High	1976 Low
54.28	55.[illegible]	[illegible]	55.97	55.20 (5/4/76)	57.06 (2/1/76)

Rises and Falls May 7

Issues Traded—1,905 Up—950

Down—498 Same—498

New Highs—78 New Lows—16

	May 7	May 6	May 5	May 4	1976 High		1976 Low	
MONTREAL Industrial	203.50	202.42	201.72	200.93	205.87	(23/2)	176.82	(2/1)
Combined	196.94	195.46	194.97	193.90	199.87	(24/2)	173.67	(2/1)
TORONTO Industrial	192.[illegible]	192.[illegible]	192.[illegible]	191.[illegible]	197.45	(20/2)	175.91	(2/1)
JOHANNESBURG Gold	196.4	196.[illegible]	201.0	199.2	236.7	(12/3)	174.4	(5/4)
Industrials	211.7	210.8	209.4	207.[illegible]	212.6	(2/1)	198.6	(5/4)

	May 7	Previous	1976 High	1976 Low
Australia (a)	482.04	481.10	472.91 (12/3)	446.32 (5/1)
Belgium (b)	101.64	101.92	113.18 (5/2)	101.64 (7/5)
Denmark (d)	104.32	103.77	107.79 (27/1)	100.20 (10/3)
France (e)	66.7	66.2	74.3 (5/3)	65.7 (7/5)
Germany (f)	765.5	762.6	831.7 (17/3)	755.0 (4/5)
Holland (g)	95.4	97.0	105.3 (5/2)	95.4 (7/5)
Hongkong (h)	418.12	416.86	465.35 (17/3)	364.55 (2/1)
Italy (k)	77.35	77.82	91.37 (25/2)	72.20 (4/5)
Japan (m)	341.74	340.41	344.61 (24/3)	328.[illegible] (5/1)
Singapore (n)	256.39	259.10	286.18 (3/2)	236.35 (2/1)
Spain (p)	100.79	99.70	100.79 (7/5)	83.43 (1/4)
Sweden (q)	476.13	473.64	478.36 (5/5)	393.35 (19/1)
Switz'rl'd (r)	283.7	283.4	293.6 (12/3)	321.5 (4/5)

Indices and base dates (all base values 100 except NYSE All Common—50, and Standards and Poors 10); (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73. (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970. (h) Hang Seng Bank 31/7/64. (k) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966. (p) Madrid SE 31/12/74. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp. 31/12/58. (u) Unavailable. ‡ Excluding bonds. * 425 Industrials. † 425 Inds., 50 Utilities and 25 Rails. (c) Closed.

AUSTRALIAN WEEKLY LIST

TEL AVIV STOCK EXCHANGE

Source: Bank Leumi Le Israel, Tel Aviv.

HONG KONG

SINGAPORE STOCKS

L. G. INDEX—01-351 2466
GOLD 127-130

CORAL INDEX
Close 412-417

JOHANNESBURG

AUSTRALIA

CANADIAN WEEKLY LIST

OVERSEAS SHARE INFORMATION

NEW YORK

CANADA

GERMANY

PARIS

AMSTERDAM

COPENHAGEN

MILAN

SWITZERLAND

OSLO

STOCKHOLM

SPAIN

BRUSSELS/LUXEMBOURG

TOKYO

VIENNA

Source Nikko Securities, Tokyo.

FINANCIAL TIMES SURVEY

Monday May 10 1976

AIR FREIGHT

For the first time in many years there was a fall last year in the volume of cargo business on scheduled international air services. Although the industry still faces formidable problems there are signs of some improvement in its fortunes.

Some signs of a revival

By Michael Donne, Aerospace Correspondent

HE WORLD air transport industry is now experiencing a revival of traffic on both the passenger and cargo sides of the business, as the western industrial countries move out of recession. At present, this revival appears to be stronger in the passenger area, and even here it is patchy, with the growth accelerating faster in North America than in Europe. But there are also signs that the depressed situation in the air cargo market—which last year resulted in the volume of freight tons carried on scheduled air services, at 7.2m., throughout the world, as measured by the International Civil Aviation Organisation, falling for the first time since 1958—is now giving way to renewed growth, albeit tenuous.

Statistics

The extent of the recession in the air freight industry over the past year or so can be gauged from the fact that whereas the ICAO statistics showed an annual rate of growth of around 15 per cent. in the 1960s and *early 1970s, in 1975 the figure* fell to a level 2 per cent. below that of 1974. The most immediate cause of that decline was the business recession itself. Air transport has traditionally been regarded as one of the most sensitive barometers of world economic conditions, with the volume of both passenger and freight transport falling or rising *according to the business climate.* Over the past year or so, the difficult conditions experienced in industry and commerce through much of the Western world have been reflected not only in a reduction in air freight volumes but also a marked reluctance by shippers to consider changing existing patterns of distribution.

Just how far the current improvement is likely to go is difficult to gauge, but most observers appear to believe that as with the passenger side of the business, the likely rates of expansion in air cargo over the years immediately ahead will be well below those prevailing before the recession. This is confirmed by a recent study prepared by the Boeing Commercial Airplane Company, the world's biggest builder of transport aircraft, which keeps one of the closest watches on the world aviation scene of any aerospace manufacturer. In this study, "Dimensions of Airline Growth," Boeing forecasts that the world total of 14.7bn. revenue ton-miles flown in 1975 will increase by 1980 to somewhere between 21.3bn. and 24.2bn. RTMs (a growth rate between 7.7 per cent. and 10.5 per cent.), while between 1980 and 1985 it will expand further to between 33.4bn. and 41.5bn. RTMs, or by 9.4 per cent. to 11.4 per cent.

These rates, however, remain well below the annual average of 15 per cent. experienced some years ago. While growth at the levels forecast is to be welcomed, the Boeing figures appear to indicate that major efforts are required by the world air transport industry if any return to the earlier rates of expansion is to be achieved. This is a topic that is expected to be aired thoroughly at this week's *eighth international air cargo* symposium, to be held from to-day until Wednesday at the Royal Aeronautical Society's premises in London. This meeting, "Air Cargo—To-day and To-morrow," is being sponsored by the Society of Automotive Engineers, the American Institute of Aeronautics and Astronautics and the American Society of Mechanical Engineers, with *participation* by many airlines and a large number of British organisations involved in aviation, including the British Airports Authority, the Civil Aviation Authority, and the British Institute of Freight Forwarders. During three days of discussions, a large number *of leading figures in world aviation* will be discussing the problems of developing cargo in the future.

At the same time, a major exhibition, Air Cargo '76, is *being held at the British Airways'* Overseas Division Maintenance Area hangar at Heathrow Airport, at which companies will be exhibiting a wide range of the products, systems and services that are available for the more efficient handling and development of air freight.

The problems facing the long-term development of the air freight business are wide-ranging and formidable. They include not only the need to achieve a more rational pricing *structure to stimulate new business*, and a major marketing effort by the airlines, but also the need for a more liberal approach by the regulatory authorities in many countries towards air cargo, with some reduction in the volume of paperwork which all too frequently threatens to engulf the freight side of the aviation business in too many parts of the world.

Within this situation, however, some significant trends appear to be emerging.

Several of the major freight forwarders, who are often closer to the shippers than even the airlines themselves (since it is the forwarders who have to gather in the loads and consolidate them into containers before despatching them to the *airlines for transport*), are reporting a trend back towards the use of air transport for the distribution of items of small size but high unit value, with many items of larger weight and bulk reverting to surface transport.

Another significant development in the air freight business, especially on the short-haul routes between the U.K. and the Continent, has been the *rapid growth of an efficient surface* transport system, especially with the growth of roll-on/roll-off ferries. The short-haul surface transport market is now so competitive with air transport that the European Division of British Airways is seriously questioning whether on many *short-haul routes specialist air* freight services are even necessary, let alone viable. Certainly, too, with the increasing volume of wide-bodied jets with capacious under-floor cargo *holds, the ability* to carry containers of freight on normal *scheduled passenger flights* is rendering the use of short-haul all-cargo aircraft unnecessary.

But another and perhaps even more potent reason for the difficulties in air cargo is that this side of the business is now revealing the effects not so much of neglect but of many years' lack of concentrated attention shown to it by *many of the airlines themselves*, along with governments *and regulatory authorities.* It is an historical fact that *throughout the past 30 years* of development of world civil aviation, the greatest emphasis has been placed on the passenger side of the business. This is where the revenue has been in general terms the *quickest and easiest to earn*, where the traffic has been most vocal in standing up for its rights and pressing for ever-increasing benefits, and where the emphasis in the development of new aircraft, new handling facilities and smoother documentation and other "*processing" procedures, such as* through Customs and Immigration, have been greatest.

All too often, despite the frequent lip-service paid by the scheduled air transport industry to the need to concentrate on the development of the "sleeping giant" of air transport, cargo has been neglected, relegated to the oldest, coldest *corners of the airport*, with inadequate consideration given at *international level to formulating* improved procedures to stimulate its rapid development. The documentation of the cargo side of the industry is antiquated—in many countries it is regarded almost as a crime to bring in cargo without the appropriate paperwork, and *indeed it is often almost impossible* to get such goods cleared *without interminable delays* and additional costs that vitiate the whole purpose of air transport which is speed and convenience of distribution.

It is also difficult if not almost impossible to acquire statistics *for the air cargo side of the* industry in the same volume and with the same ease as it is for the passenger side: they either simply do not exist, or are buried in Government departments, involving a major *effort to extricate.* As a result, no one in the air cargo business really has a clear, up-to-date and accurate picture of the global situation on a monthly, let alone daily basis, beyond the details of the operations of his own *individual business (and to be* fair it must be stressed that some of the bigger freight forwarders and a smaller number of airlines do maintain highly efficient market intelligence systems of their own). While *some studies have been conducted* by such bodies as the International Civil Aviation Organisation and the International Air Transport Association, into the economics of carrying, and the benefits to be derived from, air freight, the information is virtually entirely derived from the *airlines themselves, many of* whom really do not wish to divulge much of their carefully guarded commercial secrets. The result has been a lack of market intelligence upon which a coherent forward global plan for air cargo development could be based.

All of these problems and deficiencies have been highlighted as a result of economic depression, with the effects only *too apparent in the shortage of* business. The fact that some airlines and freight forwarders have been able nevertheless to conduct successful freight busi-

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AIR FREIGHT II

Innovations in handling

AMONG THE more pressing problems currently engaging the attention of the international airlines in the endless discussions conducted behind the scenes as they strive to narrow the cost-competitive gap between air and surface transport is what is known in airline jargon as "facilitation."

It embraces the multitude of procedures and techniques that are employed to complete the door-to-door movement of an item of freight, regardless of size or weight, from consignor to consignee. More briefly stated, it amounts to ground handling and processing.

Facilitation, and all it entails, has become in recent years one of the most costly items in the whole economic structure of the air cargo industry. Its impact on airline finances has been the principal factor inhibiting the ability of the scheduled airline members of the International Air Transport Association (IATA) to arrive at a rate structure which all can accept and, more importantly, one which would be sufficiently attractive to shippers traditionally wedded to surface transport to induce them to switch to air instead. For the airlines are fully aware that it is only by weaning shippers away from surface modes of transport that they will see any real growth in air cargo traffic.

It is this awareness, coupled with the knowledge that the present rate structure is incompatible to the majority of shippers and has been responsible for a virtual standstill in the growth of air traffic in the recent past that has brought the problems thrown up by facilitation costs so sharply into focus and given the whole subject a new, higher measure of priority in airline discussions.

Because nearly all cargo was carried in the holds of passenger aircraft until about ten years ago, facilitation requirements were practically nonexistent. Rates were low and shippers were attracted not only by the speed of air transport but also by the concerted and highly successful sales campaigns of the airlines at that time, plugging the "total cost concept" which focused attention on the savings which air freighting effected in such areas as packing, insurance, inventories and interest on capital tied up in goods while in transit.

Breakaway

The unexpected but welcome boom this created in cargo traffic brought about the introduction of pure freighter aircraft and the scheduling for the first time on any scale of regular all-cargo services. This sudden breakaway from the old concept of cargo as a by-product of passenger operations made it clear that cargo could no longer be dependent upon the facilitation services designed almost exclusively for the handling of passenger traffic, passenger aircraft and the then comparatively negligible cargo by-product.

At this time the overall ground handling cost for every ton of cargo shipped by air was little more than £20. By 1973, the latest year for which official figures are available, and by which time cargo terminals, the first of the sophisticated handling equipment and other processing systems had all arrived on the scene, the cost of handling per ton had soared to £45; currently it is estimated to be of the order of between £60 and £75 per ton. According to industry leaders, approximately half of these overall handling costs are now absorbed in such essential procedures as documentation, information storage, communications and accounting.

It is costs of this order and the effect they are having on the cargo rate structure, and its consequent restriction on traffic growth, that has caused the scheduled airlines to take a long, hard look at the whole spectrum of facilitation. To underscore the seriousness of the situation, the IATA Facilitation Committee, originally set up in the interests of passenger traffic, staged a seminar in Singapore earlier this year aimed at creating a greater awareness throughout the industry of the problems presented by, and flowing from, the continuous need to improve facilitation.

Ironically, with each stage of development in the air cargo industry, it becomes increasingly difficult to contain the requirement for facilitation procedures and all that it entailed. The arrival of the Boeing 747 Jumbo jets called for a massive investment in new types of equipment not only for the physical handling of the cargo they carried — almost all of it in containers of various sizes — but also in the provision of modern communications systems required to transmit details of the cargo from one airport to another while the aircraft was still in the air, so that forwarders, agents, Customs brokers and, where appropriate, shippers could receive advance warning of the flight on which their consignments were being shipped and so arrange for its speedy collection and clearance once the aircraft landed.

The installation and introduction of the LACES system at Heathrow for the customs clearance of imports, soon to be followed by similar systems at other major international airports, has called for even greater investments by airlines as well as forwarders.

The gradual progression towards the use of wide-bodied aircraft other than the Boeing 747—the Douglas DC-10 and TriStar, for example—and the increasing preference for containers having an intermodal capability, all call for investment running into millions of pounds.

Decline

All these facilities have come about in the short space of ten years and, it might be thought, they should be adequate to meet the current and at least the immediate future requirements of the air cargo industry. But with the dramatic decline that has taken place in the last three years in passenger traffic, airline chiefs have suddenly realised the potential of air cargo which is now contributing in some cases as much as 30 per cent. of their total revenue. As this realisation becomes more apparent the need for even greater investment in cargo services and facilities becomes more desirable and, by the same token, more urgent. For it has at last been accepted at Boardroom level that in order effectively to promote air distribution to the manufacturing industries, the airlines must be able to offer a total service unmatched by any other form of distribution and transport concept.

Most of the major airlines have already put in train plans aimed at achieving this goal. Mainly, they are hinged on the greater use of computers and other forms of electronic data processing systems. Alitalia, the Italian national carrier, has already put into operation a computer system linking most of the major international airports with its headquarters in Rome and through which a shipper or his forwarder or agent can obtain instant confirmation as to whether there is space for a shipment on a particular flight to a required destination. Known as PO-4, the system is based on three IBM 360/65 and one IBM 370/155 computers, and in addition to providing instant space reservation information, keeps track of the status of every consignment, stores all documentation information and quotes rates. So successful has the system proved that its services have been adapted for use by, and rented to, a number of other airlines. A similar system, known as Pantrack, has recently been introduced by Pan Am and is claimed to be even more sophisticated than that used by Alitalia. By feeding the Air Waybill number into a computer at Heathrow, for example, Pan Am would be able to tell a shipper within 20 seconds of receiving a query as to the whereabouts of a consignment due for delivery anywhere in the world not only the date and hour when it was delivered to the consignee, but also the number of the truck on which it was delivered from the airport of arrival, as well as the name of the truck's driver and who signed the delivery receipt note.

It is not only in the field of communications and computers that the airlines are concentrating their activities to make their services more attractive to shippers. Hand in hand with these developments is a reappraisal of the types of aircraft required to carry capital goods such as heavy equipment and machinery to developing countries with new-found spending power who are impatie[nt] for delivery. Many of the[se] countries are land-locked, othe[rs] are suffering from port conge[s]tion, and the only means [of] quick delivery is by air. [In] order to cater for their requir[e]ments, the airlines are havi[ng] to equip with wide-bodied [air]craft such as the 747s a[nd] DC-10s.

Freighter versions of the[se] aircraft are also coming [in] regular service across the No[rth] Atlantic, a route over wh[ich] more cargo is carried by [air] than any other. The Germ[an] carrier, Lufthansa was the fi[rst] to start regular services with [a] freighter version of the 747 [on] the route; two years ago it w[as] followed by the U.S. all-ca[rgo] carrier Seaboard World; th[ey] were followed by Air Fra[nce] and then Trans Mediterran[ean] Airways; in July Pan Am p[ut] into operation a 747 freigh[ter] service every day of the we[ek] —as will, two months earli[er,] Seaboard—between London a[nd] New York, and there is li[ttle] doubt that others will foll[ow]. Interestingly, Pan Am has d[e]cided to dispose of its fleet [of] Boeing 707s and to use the 7[47] exclusively throughout its wor[ld]wide network for both pa[s]senger and cargo traffic. [For] cargo operations the airline h[as] found that one 747 provi[des] almost the same capacity as t[wo] 707s and is more economic [to] operate in terms of fuel a[nd] crews, with the added attracti[on] of enabling the carriage of [a] mix of conventional "small" traffic with 10-foot and 20-fo[ot] containers.

It is innovations such [as] these on which the airlines a[re] pinning their faith, as well [as] their economic forecasting, [to] capture a much larger share [of] the cargo market, and provide[d] they are able to back up the[se] new trends with aggressive an[d] sustained marketing and sale[s] techniques and to bring the[ir] rates down to acceptable level[s] all the indications are that the[y] will succeed.

Peter Herin[g]

Signs

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ness in these conditions is a tribute to their energies and ingenuity.

From this, it is clear that what is now needed to try to pull the air freight business out of the doldrums is a major, concerted effort by everyone in the business—from the airlines themselves, through the freight forwarders whose role in the business is becoming increasingly vital, to the governments and regulatory agencies, who must be seen to be trying to improve their approach to the problem with the determined intention of putting it right.

Campaign

Secondly, while it may not appear to be so, now is the time for the air transport industry to conduct a major re-education campaign among potential shippers as to the benefits of air cargo. While business conditions were depressed, many shippers thought solely of how to cut their overall costs. With the business climate improving this might be as good a time as any to try to convince them that despite its apparently intrinsically high cost, air transport remains in the long run a cheaper way of distributing goods over long distances, provided that production flows can be geared to the air transport system in the first place. In this way, the benefits of quicker turnover of capital through a faster throughput and smaller inventories can be realised. It is only if air transport is used on an ad hoc basis for the occasional distribution of certain items that the expense becomes almost prohibitively high.

Coupled with this, of course, must be a concerted campaign by the airlines to improve the quality of their own product at the airports at each end of the journey and in the air. Although cargo is mostly inanimate and therefore inarticulate, this does not imply that it can, or should be, treated as being of little importance. Every package carried is vital to someone, and it should be treated with that same consideration that would be given to a passenger. A much closer relationship between airlines, forwarders and shippers is well worth cultivating in this respect.

Government authorities, too, could do more than they have done. Some welcome initiatives have been seen, for example in the U.K. where the Civil Aviation Authority is already reviewing its cargo regulatory policy in a bid to create a more favourable climate—although some of the representatives of the air cargo industry remain dissatisfied with some of the decisions taken so far. But the problem is really a world-wide one. Every route has two ends, and there is little point in making things simpler at one end if they remain difficult at the other. Accordingly, it would be refreshing to see some kind of major inter-governmental effort aimed at simplifying and improving the controls of cargo world-wide. Even within the confines of the EEC itself, for example, a considerable amount could be done.

Solving problems in air transport has never been easy, if only because of the very large number of airlines and governments directly involved. The difficulties experienced in settling passenger fares in the IATA traffic conferences illustrates the scale of the problems confronting the industry in settling the current problems in the air cargo side of the business. But that some such concerted effort is desirable is plain. For the first time in the past 17 years there was last year not just a slowing in the rate of growth but an actual fall in the volume of cargo business over the previous year. That one simple fact ought to shake the industry from top to bottom, and stimulate efforts to find out precisely why it happened, and then to put the industry back on to a long-term expansionary track.

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Few satisfied by pricing policies

AT A RECENT conference on the development of air freight sponsored by the International Chamber of Commerce in Paris, the present pricing system for the air cargo industry was described as being "characterised by confusion, frustration and sometimes outright distrust." Suggesting that any good air cargo rating system should include simplicity, equity and profitability, the speaker was forced—as were many other speakers at the conference — to conclude that the present system did not satisfy any of these requirements, except occasionally and then frequently only by accident.

The present hodge-podge of general and specific commodity rates, along with various promotional rates, reflected a dual but often conflicting thrust by the airlines. "Special promotional rates have been introduced to generate more volume, only to be followed by general rate increases when rebates fail to generate sufficient earnings. The rate system to-day is uneconomic, frequently arbitrary, and discriminatory," he declared.

There are few in the air cargo business who would disagree with this analysis, but there appear to be even fewer who can suggest ways and means of reforming a situation which increasingly demonstrates the need for such reform. But, until such an effort is made, it is unlikely that the world air transport industry will achieve the breakthrough in air cargo that everyone knows is there but which is proving so elusive to pin down.

There are two basic elements to the air freight pricing structure. One is the officially fixed schedule of rates agreed among the member-airlines of the International Air Transport Association, for the carriage of cargo in the holds of aircraft normally engaged in scheduled passenger transport, or in scheduled all-cargo operations mounted by the IATA members. The other element is the widely varying scale of rates that can be obtained by shippers either by direct negotiations with the independent airlines, or through forwarders and brokers who can match specific cargoes to available aircraft world-wide (for example, through the Air Charter section of the Baltic Exchange in London).

Recently, the Airbrokers Association, which has represented commercial aviation interests on the Baltic Exchange for over 25 years, has been reconstituted as the Baltic Air Charter Association (BACA). This body is setting out to become the principal representative body of the air charter industry and, is extending its membership beyond air broking into every sector of the passenger and freight market. The vast majority of air brokers to-day offer a far more comprehensive service than the pure chartering of aircraft space. Nevertheless, much of the activity of the brokers in BACA is concerned with matching passenger loads and cargoes with available aircraft and vice versa world-wide. In this way, empty flying legs can be avoided, and maximum utilisation of available aircraft capacity ensured with consequent savings in cost and maintenance of highly competitive rates.

In general terms it would appear that the independent operators can often be much more competitive in formulating their rates than can the scheduled airlines, by virtue of their greater flexibility of operations. This tends to irk the scheduled airlines, who feel constrained by the rigid tariffs structure laid down in the IATA rate-making conferences. The clash between the two sides of the industry has already led the Civil Aviation Authority to reconsider its own regulation policy in the U.K.

Figures issued by the Civil Aviation Authority show that so far as the U.K. is concerned, the volume of cargo carried by the scheduled airlines is greater than carried by the independent operators. In 1974, for example, out of 721,000 tonnes of freight set down and picked up at U.K. airports, over 630,000 tonnes or 87.4 per cent. of the total, was handled by the scheduled airlines (with British Airways collecting the biggest individual share at 245,400 tonnes or 38.9 per cent.), with 90,600 tonnes, or 12.6 per cent. of the total, being what the CAA describes as "charter freight"—that is cargo handled on other than scheduled services, although here again British Airways had some share of this business (albeit a small one of 3,300 tonnes). The bulk of the "charter freight" business was handled by the independent or charter airlines at 60,800 tonnes (66.9 per cent.).

Tendency

The tendency is for the scheduled airlines to carry the larger quantities of smaller items of freight that can be consolidated into containers for carriage in the cargo belly-holds of aircraft engaged in regular passenger services, while the independent or charter operators, with their greater flexibility of operation, tend to carry more of the bigger and more cumbersome loads, often also to the airports less frequented by the scheduled services. This is not a general rule, however, for the independents also carry many containerised shipments, and the scheduled airlines often also carry some of the more cumbersome types of loads.

Both types of operation, however, are vital to the success of the air freight industry world-wide, and it is essential to the whole future of the air cargo market that both types of operation should continue to exist side by side, despite the abrasions that often occur between the two elements in the business. There is little doubt that British Airways fulfils a valuable role in the scheduled airlines sector, while in the independent sector operators such as IAS Cargo Airlines, Transmeridian Air Cargo and Tradewinds in the U.K. have built substantial and profitable businesses by maximising their flexibility of operations.

A similar situation prevails in other countries, and what the air transport industry as a whole now needs to do is to find a rating structure that enables each side of the business to live with the other.

So far as the scheduled airline-members of the International Air Transport Association are concerned—and this covers more than 100 of the world's major airlines—cargo rates, like passenger fares, are worked out in a series of regular "traffic conferences" attended by all the airlines involved. As a result, again as in the passenger side of the business, it frequently proves extremely difficult to reconcile all the various requirements of the airlines. Moreover, the IATA rules require that all decisions taken on cargo rates and passenger fares should be unanimous (and also subject to the approval of all the Governments of the airlines involved).

Impossible

These two factors combine to make it virtually impossible for any one airline to get its own way, and the result is a series of compromises on the cargo rating structure that probably satisfies nobody, but at least in theory provides a basis upon which to operate. The functioning of this IATA system of rate-making is frequently criticised, especially by some of the bigger airlines who would be sufficiently strong to be able to "go it alone" in the world air cargo market, but who are constrained from quitting IATA by the benefits membership has for them in other directions.

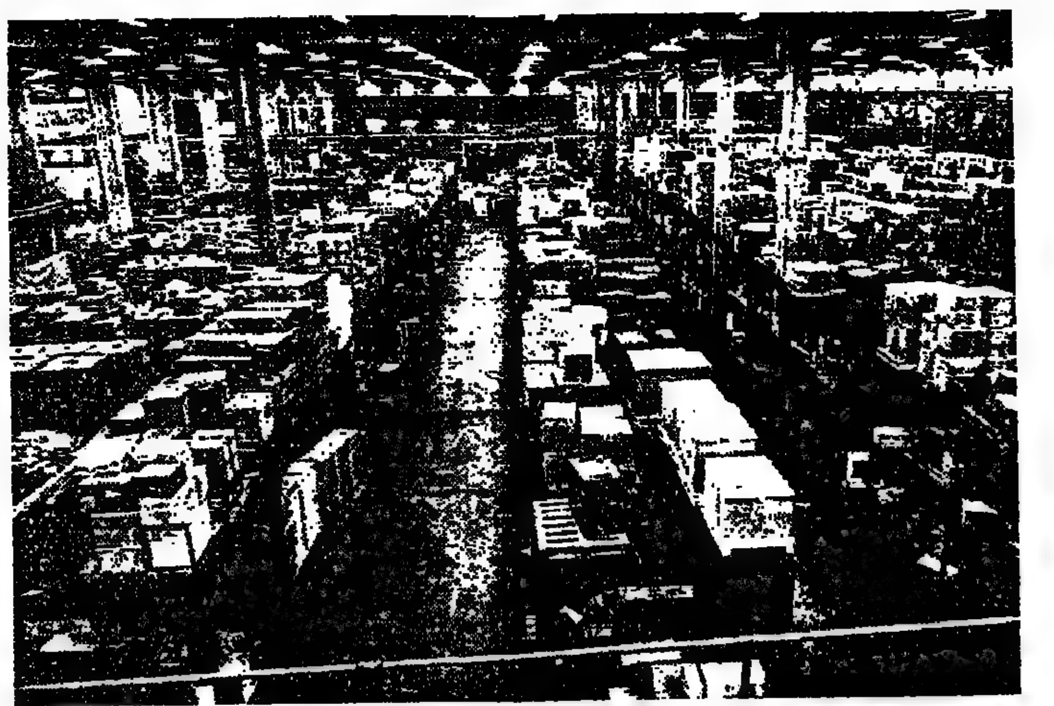
It has undoubtedly prevented some of the major carriers from developing the really low "bulk rates" which they feel are essential to achieve the breakthrough into large-scale air freight, and to widening the scope of the market to tap commodities that as yet are carried by air only in small quantities.

The tougher conditions in the air freight market of the past year or two, however, have led to a considerable erosion of these IATA-approved tariffs, with "discounting"—the offering of cheaper rates in order to win business—a common practice in many parts of the world. This has led to some concern on the part of many scheduled airline operators who continue to play the game according to the rules, but discounting is often difficult to detect and almost impossible to prove, especially at a time when the increasing costs of air transport virtually force the industry into seeking every conceivable method of winning business.

Just how far the IATA itself can go in cleaning up this situation is debatable, but it seems that sooner or later it will have to enforce its conference-agreed rates with greater toughness than at present if the cargo side of the business, like the passenger side a few years ago, is not to be eroded by the clandestine undercutting that is going on.

One way out of this situation might be for the scheduled airline industry as a whole to undertake a major new research study into the whole concept of air cargo in the rapidly changing conditions of the second half of the 1970s, assessing economic prospects and analysing new methods of rate-making and enforcement, so as to gear the industry for the longer-term expansion that many believe will come.

It might be beneficial to include the non-scheduled side of the air freight industry in any such analysis, for as with the "independents" or "charter operators" on the passenger side of the business, they have a vital role to play in the development of air cargo. Already, the independent operators have demonstrated a unique flexibility of approach to the cargo market that has enabled many of them, especially in the U.K., to develop profitable businesses providing a valuable service to industry.



The new British Airways combined import shed at its CargoCentre U.K. at London's Heathrow Airport.

While undoubtedly the great frequencies of passenger flights with space for cargo that are offered from major airports such as Heathrow by the large number of scheduled airlines give them an advantage in winning cargo business (especially of the type that can be consolidated into containers), the independents nevertheless have other advantages not enjoyed by the scheduled operators. The independents, for example, can range more widely, serving airports and countries that do not have large volumes of scheduled airline flights. Their rates, which are not subject to the same conference machinery as those of the IATA-members, are generally competitive with those of the scheduled airlines and are often cheaper, being negotiated directly with the shipper.

That there is almost as much bitterness between the two sides of the industry, scheduled and independent, in cargo as in the passenger side, was evidenced by the recent comments of Mr. Knut Hagrup, president of Scandinavian Airlines System, immediate past president of the IATA, and the chairman of the ICC air cargo conference in Paris. While pointing out that there was an urgent need for simplification of the rate structure, he criticised a number of Governments "who have taken a liberal view in favour of cargo charters, a policy which could in the long run hamper development of a genuine international strong scheduled cargo transportation system. The cargo charters breed rate-cutting which should be cleaned up. Forwarders compete, as they are expected to, but the result is an unhealthy pressure on airline rates. One phenomenon that seems to be on the rise is the trucking of air cargo shipments from one part of Europe to another for consolidation.

"Ultimately," he said, "this type of competition could lead to the deterioration of scheduled services. The airlines will not be able to maintain the schedules the business communities and consumers have come to expect. If rates are not set and enforced in an orderly and realistic fashion, the same thing will happen to scheduled air cargo services as to small specialised stores in the heart of our cities. They have suffered with the expansion of the suburban discount houses and have either been forced to close or operate at nearly prohibitive costs, to the detriment of the customer in the long run."

Views

These forceful views are resented by the independent cargo operators just as much as the regular scheduled airline attacks on the independent passenger operators are resented. It is pointed out just as forcefully by the independents that Mr. Hagrup is speaking from the viewpoint of a scheduled airline operator, and that his attitude takes no account of the contributions that the independents have made, and can still make, to the overall development of the world air cargo business.

It is pointed out that much of the current discounting is being generated on the scheduled airline side of the business, and that the independent operators are often forced to follow suit, to protect their own interests. The very existence of discounting is a pointer to the inability of the scheduled airlines to establish a coherent and workable rating structure, and it is argued that it would be much better for the long-term development of the air cargo industry if there was complete freedom throughout the airline business to develop rates—as in other businesses—in conformity with the forces of the market-place.

In the light of the present structure of the air transport business, this is perhaps going too far. Certainly it is not likely to happen, for governments are not likely to give up the control over the business that they can and do exercise through their ultimate right of sanction over pricing policies. Nevertheless it does indicate that there is a major gulf between the two sides of the industry that must somehow be bridged if the full potential of air cargo is to be developed in the years ahead, and air transport is to do what it is intended to do—serve world industry in the swift, safe, convenient and cheap distribution of goods.

M. D.

AIR FREIGHT IV

A growing role for forwarders

SPEAKING AT an air freight seminar organised by the International Chamber of Commerce in Paris earlier this year, Derek Spice, Chairman of the Air Freight Institute of the Federation of International Forwarders and Agents Associations (FIATA) and also executive chairman of one of the largest international air forwarders, Pandair Freight drew an interesting comparison between the air forwarder of ten years ago and of to-day.

A decade ago, he said, if the forwarder was considered at all he was probably envisaged as some backroom functionary — a cloth-cap image — whose horizons were confined to consignments notes, warehousing and flight times.

To-day, Mr. Spice said, in all the trading countries of the world, air forwarders are playing their vital part in the development of air freight and in improving and innovating services to the shipper, and potential shipper, aimed at providing an international network of door-to-door distribution. Of that there can be no dispute. The rule of the air forwarder in the context of trade development and the free movement of exports and imports and the shaping of international distribution patterns is becoming more complicated for the forwarder himself and more indispensable to the exporter and, equally, to the importer of goods.

An IAS DC-8 bound for Lusaka with a mixed cargo ranging from records to cement.

Technology

Forwarders to-day operate in a world of high technology requiring a degree of expertise that even five years ago few would have envisaged as being a necessary prerequisite in the process of getting a consignment off the ground and into the air. A number of factors have been responsible for bringing about this transition. Foremost among these was the decision some years ago of the International Air Transport Association (IATA) to impose a whole new set of conditions and standards with which forwarders must comply in order to obtain the Association's approval to act as official agents for IATA airlines. Adequately trained and qualified staff, modern handling equipment, suitable warehouse facilities and transport arrangements and, above all, financial resources to match specified standards—these were among the criteria the forwarders suddenly found themselves required to meet if they were to remain in business. Some of the smaller ones turned to their bigger brothers in the business and were taken under their wing; others turned to financial institutions such as insurance companies, shipping groups and merchant banks seeking the investment required to meet the new IATA standards.

As a result, management systems and expertise, budgeting, profit centres and other nuances of business organisation, regarded almost as a novelty in the eyes of most forwarders, were imposed upon their industry. At about the same time a number of other events took place which had a considerable influence on the status and role of the air forwarders. With the opening of the cargo "village" at Heathrow, they were able for the first time to transfer their activities into a purpose-built building with combined office and warehouse accommodation alongside the new cargo terminal buildings of the airlines. Coinciding with this, the Institute of Freight Forwarders, which had hitherto functioned as a "professional" organisation restricting its membership to individuals was transformed into a trade association and under new leadership, the forwarders found that almost overnight the fragmented groups in which most of them had previously operated had been replaced by a single unified industry with common policies and objectives and a corporate image for the first time.

The other events occurring at this time were the introduction by the airlines of the Jumbo jet aircraft and its huge cargo carrying capacity and, almost simultaneously, the bringing into operation of the LACES system at Heathrow for the customs clearance of imports.

The day for the air forwarders had arrived and they rose to the occasion to use it as the opportunity to make their impact upon the airlines at a time when air cargo was enjoying the biggest boom in its short history. They pressed for the development in the use of containers with incentive rates that would make them attractive to shippers; they urged the introduction of contract and bulk rates and for the simplification of the IATA rate structure, and they developed and imposed upon the airlines the consolidation system for filling aircraft holds and, in the case of freighters, whole aircraft—a system which has been mainly responsible for the growth in air cargo traffic in recent years.

The process of making the carriage of cargo by air more attractive, more convenient and more economical is a continuing one and it is one that is increasingly engaging the attention of the forwarders. Their activities are not confined to parochial areas: they operate on an international scale seeking improved lines of communication and handling systems at the receiving end as well as at the despatching end of a consignment.

The forwarder owes his allegiance to the shipper and as more and more he becomes a part of the overall distribution machinery of both big and small firms in industry, shipping managers have come to rely almost entirely on the expertise that he is able to provide. No shipping manager to-day has either the time or the expert knowledge of the airline industry to concern himself with rate comparisons, route selection, documentation and the import and export requirements of foreign countries that must be met to enable a shipment to enter or leave that country. No shipping manager has the facilities at his disposal to monitor the progress and whereabouts of his consignment on its journey to destination, nor has he the knowledge of the customs requirements that must be met to facilitate the clearance of a consignment before it may be released for delivery to the consignee. There are exceptions, of course, but by and large, it is to the forwarder that the shipper turns to fulfil these functions and take their cumulative weight from his shoulders.

Requirements

Increasingly, the forwarders are adding to the services they are able to provide to meet the requirements of shippers. A recent example has been the establishment by almost all of the major air forwarders of separate companies to deal with the preference being shown by shippers for the use of charter services, mainly because of their much lower rates compared with the scheduled operators, but also because they have come to appreciate the distinction between the priority service which is provided on a scheduled flight and the slightly slower service of charter flights which, except in cases of emergency, is invariably acceptable to them.

Under their conditions of appointment as IATA agents, forwarders are not permitted to ship goods on charter flights operated by non-IATA carriers unless the shipment is to a destination not served by a scheduled carrier or if capacity is not available on a scheduled service. Clearly, a forwarder complying with the IATA rules would not be able to serve a shipper adequately in the light of these restrictions, hence the trend towards setting up of separate companies to deal with charter traffic.

Looking further ahead, the forwarders are planning to establish bonded facilities at Heathrow so that they can handle consignments which have to be transhipped on flights to other countries, and although this is mainly to meet their own convenience, it could in the long term be of considerable benefit in cases where goods are re-exported.

At present, there are very limited facilities at Heathrow for handling transhipment traffic and these are absorbed in the main by two forwarders. The British Airports Authority is about to embark upon the construction of a special building at Heathrow to provide the necessary accommodation, but in the meantime a group of about a dozen forwarders are endeavouring to establish a temporary bonded facility in a disused area within the British Airways cargo terminal on the airport.

Currently, the services which the forwarders collectively provide to industry account for between 80 and 90 per cent of all cargo traffic moving on scheduled airlines. With the responsibility that this imposes upon them it is not surprising that they are constantly seeking to improve and enhance the scope of their services to British industry.

P.I

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British Airways fights back

BRITISH AIRWAYS' cargo operations are now getting into top gear again, following the virtual completion of the integration of the Heathrow cargo operations of the former British European Airways and British Overseas Airways Corporation. BA itself admits that during the process of integration, the group's cargo operations have suffered as a result of the physical and human problems created by the merger. Mr. David Coltman, the deputy general manager, Cargo U.K., for the group, says that "slowly but surely, the integration of the various sections in the Cargo Centre has proceeded, and we are certain that in the early summer of this year total integration will have been successfully, and finally, completed."

With this integration, there will henceforward be one drop-off point at Heathrow for the reception of export cargo, and a similar single collection point for import cargo. BA is conscious that during the integration process, it has lost some of its customers, and it is now planning a vigorous campaign to win them back. Its overall target is to improve by at least £30m. its cargo sales revenue in 1976, to over £132m.

In order to help achieve this expansion, even while the integration was under way, BA Cargo U.K. (or BACUK as it is more generally known in the industry) commissioned a market survey to find out what shippers and forwarders thought of its service. Mr. Coltman says that the results of this and other analyses by BACUK management showed that there were three basic factors that customers took into account—price, the "route product" (such as aircraft types, schedules and so on), and ground handling. "Concerning price and route product, it was considered that BACUK was highly competitive," he says. "Being an IATA member, BA and its main competitors must abide by the common tariffs laid down by the Association. Moreover, on every route BA flies, its product is at least as good as, if not better than, that of its competitors. The critical factor, we knew, was ground handling."

Findings

The findings of the survey were that BA was not highly regarded so far as this latter element of its cargo activities was concerned. Out of the 150-odd agents and commercial houses surveyed, some five out of ten were dissatisfied with BA telephone answering service, four out of ten were unhappy about the post-flight information service, while other areas needing improvement included document processing, vehicle queueing at the Cargo Centre, and so on.

As a result of the completion of the integration, however, Mr. Coltman is confident that things should improve quickly. "New and improved telephone switchboards are now installed to ensure the fast distribution of the 1,000 or so telephone calls that are made daily to the Skyload reception area. Standards have been laid down, and plans are currently being implemented, which will result in a cut in the time spent in waiting for telephone answering, in vehicle waiting and for documentation processing. Improvements are also in hand in the import inquiry service by telephone and letter, as also in transhipment connections. In addition, there is a move to sharpen up the way post-flight calls for information are dealt with, and in other areas of difficulty, such as Central Area off-loading."

BA says that to achieve these ends in as short a time as possible, a major internal customer service campaign is being launched within BACUK, which it is hoped will involve every member of the staff. Called "Towards Customer Service," the aim is to ensure that service to the customer—the basis of the entire cargo business—is at the centre of everyone's mind. A 1976-77 slogan has been decided upon—"We Handle With Care"—and key words in the campaign have been devised:

Involvement—including face-to-face discussions between management and staff; special advertising and promotion; and the introduction of new staff suggestion schemes when substantial awards will be made for new and useful ideas;

Information—details of performances, plans and developments in the cargo terminal will be communicated to all staff by means of notice boards and newsletters; and

Incentives — an incentive scheme is to be introduced.

Mr. Coltman accepts that traditionally in the airline industry, cargo has taken second place to the passenger side of the business. "With the realisation that only if we achieve our cargo targets will BA be able to achieve its required return on investment, there is certainly a new attitude towards cargo among the BA senior management. Everything possible within the airline is being done to ensure that this is achieved. We are aware that over the next 12 months we have a big task facing us. Cargo-Centre Europe is the centre of a network which has to earn over £102m. from the sale of cargo space in the current year—nearly £60m. of this being in foreign exchange.

Target

"We have the right route product at the right price to achieve this target. We know that weaknesses in ground handling are *rapidly being remedied*, and our customer service campaign is ready for launching. Last but not least, we know that our goodwill among most British shippers and forwarders is still there. Taking all these factors in combination, we are sure that once we can prove that we can again deliver the goods, our business will grow."

Outside Heathrow, BA is also enlarging its cargo handling facilities at other major provincial centres. At Leeds Bradford, for example, the present cargo storage area has been increased by about 40 per cent, and the group is discussing plans with the local Airport Authority for further expansion and development of the existing cargo hangar. This will increase the size of the bonded area from 1,200 to 6,300 square feet, and by centralising staff and handling facilities, will simplify the movement of imports and exports at the airport. Because of runway restrictions, little cargo is actually carried by air into or out of Leeds by BA, most of it going by road to and from Manchester or Heathrow Airports. This is not an ideal situation, however, and BA would like to see the runway at the airport extended so as to help cargo expansion.

BA is also expanding its Distribution Advice Service, which offers free advice to British exporters on all aspects of transport costs. The DAS team recognises that, to a busy manufacturer, the complicated business of freight costings can be hard to grasp. As a result, the team has for some time been employing the technique of quoting on the basis of price per article delivered, rather than giving the overall price per kilo. This has been found to give businessmen *the chance of* making more detailed comparisons between air and surface freight costs, and helping them to quote abroad on the same terms as local manufacturers. The DAS team makes use of a portable computer terminal which can be linked to a central computer through any standard telephone. It analyses and finally compares costs to the company such items as warehousing and inventory, duty to be paid on freight, percentage cost of capital, insurance, packaging, pick-up and delivery.

Considerable emphasis is being placed on the DAS as a means of convincing shippers of the ultimate value of air transport as a method of distribution, and it is clearly going to play a major role in helping the airline expand its cargo activities in the period ahead.

BA is also placing considerable emphasis in its cargo marketing on the use of the big Rolls-Royce RB-211 powered Boeing 747-200 Jumbo jet which it will put into service next year. One long-haul intercontinental routes where, because of sector length, only passengers could hitherto be carried, the airline will then be able to offer a full passenger load plus cargo. On other routes, the amount of cargo will be greatly increased. On a non-stop London-Johannesburg flight, for example, the 747-200 aircraft will carry its full complement of 404 passengers plus five tonnes of cargo. The present 747-100s, on such a non-stop operation, carry a greatly reduced number of passengers and no cargo. Similarly, the London-Los Angeles route non-stop with the 747-200 will offer a full passenger complement plus five tonnes of cargo—where as the present 747-100 on the same route carries a greatly reduced *number of passengers* and no cargo.

With this impending improvement in cargo potential, the airline is thinking about alternative configurations for the aircraft, including the possibility of using it as a "passenger cum-freighter," with part of the upper deck given over to freight as well as passengers or using it for a "quick change" from an all-passenger to an all freighter operation when traffic justifies such a course.

M.D.

Loading a British Caledonian 707 freighter.

Expansion at Caledonian

BRITISH CALEDONIAN Airways, as the U.K.'s "second force" major international flag carrier, is a substantial air cargo carrier in its own right. With the impending revival of the air cargo market as the industrial recession is overcome, BCAL is following a vigorous cargo expansion programme, based on its Gatwick, Surrey, base, where it is establishing the most modern freight handling facilities in pursuit of this lucrative market.

This policy is one that is being seen to reap huge dividends. For last year the airline carried 44,700 metric tonnes of cargo to clock up 223,524,000 freight ton/km flown—respective increases of 27 per cent and 42 per cent over the corresponding figures for 1973-74.

At the moment some 29 per cent. of BCAL's revenue is generated by freight traffic. This is largely carried by a specialist cargo division which operates all-freight Boeing 707 aircraft on both scheduled cargo services to points in east and central Africa and Tripoli, Libya, and on a great variety of cargo charters to destinations all over the world. BCAL's scheduled services provide a valuable back-up to this effort as they all offer additional freight capacity and provide regular links with some 25 countries from the U.K.

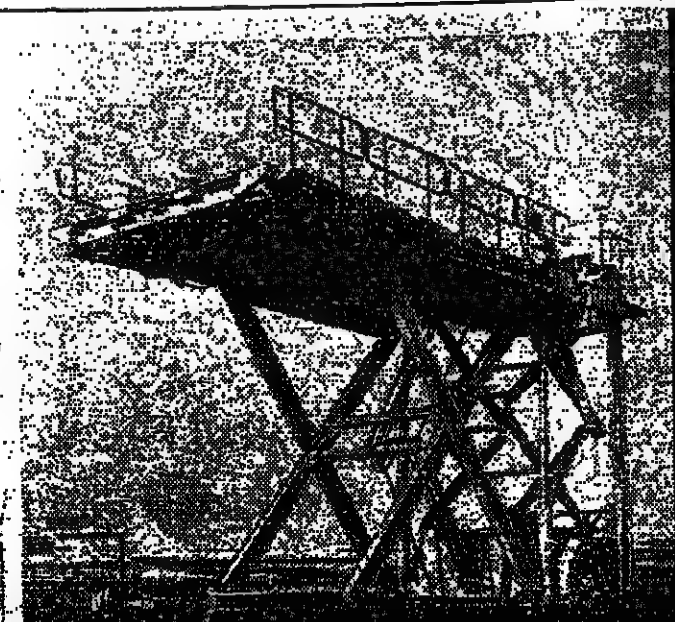
Supporting all these operations is a newly completed £1.8m. purpose-built cargo centre at London—Gatwick Airport, British Caledonian's main base.

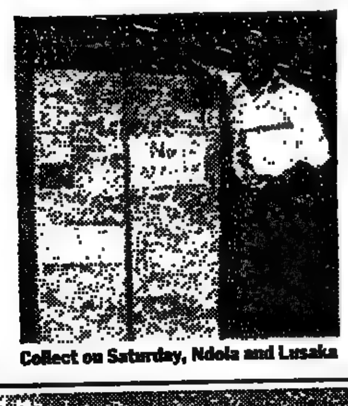
This provides nearly 40,000 square feet of warehousing space and embodies export and import sheds and self-contained administration offices. Coupled with BCAL's cargo unit at London's Heathrow Airport, which facilitates trans-shipment between the two airports, it provides a convenient export/import cargo gateway well away from the mainstream of London's traffic congestion.

The centre is still being expanded and by 1978 will include its own aircraft apron and taxiways. It is estimated that it will then be capable of handling up to 150m. kilos of freight each year. A main user of the facility is Golden Lion Air Cargo, a wholly owned BCAL subsidiary which was formed at the beginning of this year. Operating side-by-side with all the other cargo organisations which use BCAL services, the new company has been specifically set up to help groups of small bulk shippers get the best and most economical service by *consolidating* their consignments into complete aircraft loads.

Commenting on this service, British Caledonian's General Manager — Cargo Sales, Mr. David Gerrard said: "This is a most welcome and necessary development. In recent years we have witnessed unprecedented growth in the air freight industry and with the creation of Golden Lion Air Cargo our aim is to ensure the continuing development of quality air freight services. This new company will help us to achieve this objective."

M.D.





AIR FREIGHT VI

Independents gain new freedom

WHEN THE time comes, as it surely will, for the history of the development of the air cargo industry to be written, the year 1975-76 will rank for honourable mention as the year of liberation for the operators of the British independent charter airlines.

For the first time since it had been set up in 1972 to take over from the former Air Transport Licensing Board the licensing and regulatory control of British airlines—both scheduled and non-scheduled—the U.K.'s Civil Aviation Authority decided the time had come to call a halt to the deference it, and its predecessor, had shown over the years to the British scheduled carriers' objections whenever the independent operators sought a greater measure of freedom for the scope of their operations and a release from some of the restrictions limiting their development.

First indications of the Authority's recognition that enough was enough came early last year when it unexpectedly took the scheduled carriers, and the charter operators themselves, by surprise by announcing the findings a preliminary review it had been carrying out of its policies for "the licensing of international air freight charter services in the light of the development of this important market," and that it had reached "a number of conclusions."

From the point of view of the charter operators the most important of these conclusions was the Authority's decision to remove the restriction on the number of consignors (shippers) who—until this time—were permitted to share a charter flight. Under the CAA's licensing regulations the maximum number was six and each had to provide a minimum load of 1,000 kilos to be eligible to ship on what is known as a split-charter flight. The restriction was both unrealistic and uneconomic. On the one hand it forced a shipper anxious to take advantage of the speed of air freighting and the low rates charged by the charter operators into the hands of the much more costly and probably more dependable scheduled carriers if his consignment was below the 1,000 kilo weight limit. On the other, with most aircraft used for this type of charter having a capacity of between 20,000 and 25,000 kilos, which could be taken up by only four shippers each with loads of about five or six thousand kilos, the restriction placed the operators in an impossible situation. After years of prodding in official quarters for the removal of this restriction, the independent operators eventually won the day with the CAA's declaration that it saw "no further justification for its retention."

Limitation

At the same time, the Authority let it be known that it was considering the removal of other restrictions limiting the scope of operations of the the indepedent carriers—the removal or reduction in the minimum weight (1,000 kilos) of each shipper's consignment on a split-charter and the removal of the limitation on the number of flights an operator could make between two points, normally restricted to ten a year.

Although the removal of this one restriction was welcomed by the independent operators, the retention of others still left them in a straitjacket. But it was a step in the right direction, with the prospect of further liberalisation.

Last month, true to its word, the CAA announced a further raising of the restrictive barrier by reducing, from July 1, the minimum weight restriction for split-charters to 500 kilos per shipper, thus opening the way for the consolidation of loads for the first time on charter flights. In addition, the Authority is removing all restrictions on minimum size and weight of consignments as well as the prohibition on consolidations on charter flights between the U.K. and Hong Kong, a route over which m..e traffic is carried on charter flights than probably any other. It is also a "cabotage" route, free from the restrictions of the IATA rate structure and thus enabling the scheduled carriers to charge what they like for the cargo they carry over it and therefore to compete with the rates of the charter operators. The free-for-all operation on the route, the CAA says, is to be for an experimental period of a year, and it has no doubt been devised to determine just how far the contention of the scheduled carriers that they are losing traffic to the charter operators can be justified.

Coupled with these realistic and long overdue concessions to the charter operators, the CAA has let it be known that it will be "receptive" to applications—to be heard during coming weeks—for "more or less unlimited numbers of flights between the same two points and also to the grant of licences for five year periods instead of for only one year as at present.

Although these measures indicate a dramatic change in official attitudes towards the independent operators, there still remain areas inhibiting them from enjoying the same freedom of operation as their counterparts in other European countries, and to whom they claim they are losing an increasing volume of traffic which they otherwise would be carrying. But it would be unrealistic to expect that all restrictions upon their activities would be removed at a stroke.

What is important is that the liberalisation that has come about will now enable the independent operators to formulate long-term plans, not the least important of which is the type of equipment they will need to replace some of the ageing, but for the moment quite suitable, piston-engined aircraft they are using, and also to decide to what extent they are going to compete with the scheduled carriers on routes which they have so far left unexplored for charter traffic.

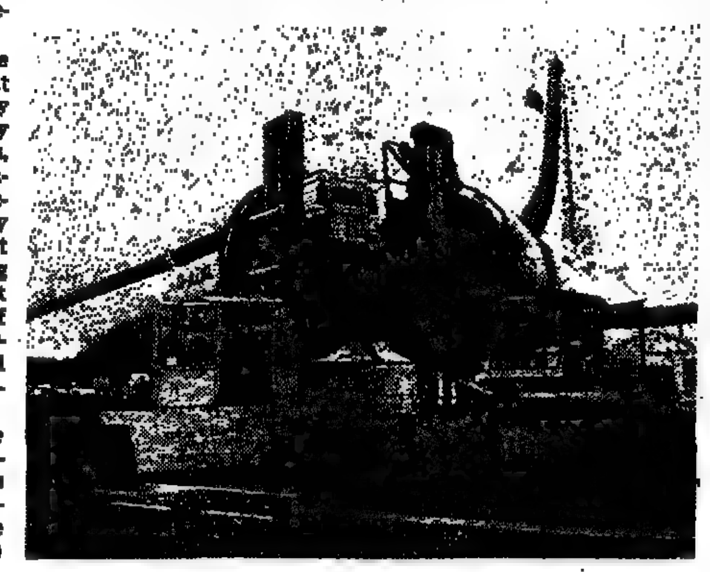
When it comes to deciding upon which route expansion, much is likely to depend on the outcome of what has been dubbed "Operation Clean-up" by the IATA scheduled carriers. This is an exercise upon which they have agreed in an attempt to eliminate the proliferation in rate cutting and "back-handers" in which almost every scheduled carrier has been indulging in recent years and which has cost them millions of pounds in revenue. The carriers have agreed to put this into operation on a route basis and started on May 1 with the route between the U.K. and Australia and New Zealand, when all the airlines serving the route reverted—or were supposed to revert—to the published IATA tariff.

Depending upon the success they achieve in their efforts to conform to the tariff, they plan to extend the clean-up progressively to all other routes. In effect, this will mean that shippers will suddenly find themselves having to pay much higher rates for their consignments than has been the case while discounting has been the order of the day on scheduled services.

Just how they will react to the increase in their shipping costs remains to be seen, but it could well trigger off a very considerable increase in the volume of traffic shipped on charter flights. Whether or not this proves to be the case will have to wait until "Operation Clean-up" is extended to other routes because Australia is one of the countries that will not allow the operation of split-charters into the country, although there is no prohibition on flights on behalf of an individual charterer. On the other hand, a good deal of traffic does move by air to Australia from the U.K., and provided shippers can produce loads of a size and weight to justify shipping on a charter flight rather than a scheduled one, there still could be a pronounced swing to the charter operators.

What may also happen is that in order to take advantage of the situation the independent carriers will accept a part-load consigned to Australia and fill up the rest of the aircraft with consignments to be dropped off at destinations en route, thus getting round the split-charter prohibition of the Australian authorities. This is already "normal" procedure on flights to other countries which ban the entry of split charter flights.

Regardless of whether this operation clean-up, if it succeeds—and the scheduled carriers seem determined that it should—will bring about an appreciable increase in the amount of traffic for the independent charter operators, there is little doubt that the time is not far off when they will have to increase their present aircraft capacity. In the U.K. there are only three independent all-cargo operators of any consequence on long-haul routes. They are IAS Cargo Airlines (formerly International Aviation Services), Tradewinds and Transmeridian Air Cargo. Only one of these—IAS—operates jet aircraft in addition to the much slower, smaller and more costly to operate piston-engined CL-44 "workhorse" which the other two utilise for their operations. IAS is the largest of the three. In addition to its piston-engined aircraft, it operates two Douglas DC-8s, each with a capacity of about 38 tons, and is planning to add a third, probably a stretched version, to its fleet later this year or early next.



A Transmeridian Skymonster.

Stability

Like Tradewinds, IAS is based at Gatwick: it has warehouse facilities close by at Horley and an extensive and modernly equipped technical servicing unit which at any one time carries aircraft equipment and spares valued at approximately £¾m. Overseas, IAS has established its own offices and staff in countries in West and East Africa, the Sudan, and in the Gulf and Red Sea territories and next month it opens an office in Australia, where it has recently landed a long-term contract to fly frozen and chilled meat to the Sudan and neighbouring countries.

To give an indication of stability which the indepe cargo operators have att in the last few years com with their rather hand-to-m existence of only a few years —a contrast which is m responsible for the conc they have won from the C it is worth recording th alone last year employ capital of £5m., attained a over of £15m. and made a tax profit of £650,000 after ing overheads of the ord £1m.

While IAS has tended to centrate on developing tra Zambia, Nigeria and the M East, Transmeridian alth also operating regular ser to these areas, has from inception pioneered the H Kong route and probably ca more traffic to and from Colony than any other Europ operator. It has eight C which operate five flights a w to Hong Hong via the Gulf tories, five weekly to Ni and one a week to Zambia; aircraft is permanently bas Maastricht on the D Belgian-German border m for ad hoc charters for Europ shippers and agents.

Leased

Last year Transmerid carried between 15,000 a 25,000 tons of cargo on regular and ad hoc flights, p ducing a turnover of appro mately £10m. and a pre-tax pr of £1m.

Tradewinds tends to k details of its activities v much to itself and certai fights shy of disclosing m financial facts about its ope tions. It has five CL-44s, m of which are leased from oth carriers, and although, like a charter operators, it undertak a wide variety of ad hoc charte to most parts of the world, thrives mainly on long-term co tracts over a given route. F example, it has for years bee under contract to British Amer can Tobacco Company t operate what is more or less shuttle service with cigarett to the Sudan. More recently i has obtained a contract t operate two flights weekly wit fresh fruit and other produce from Cyprus to London. It is also active on the Gulf and Hong Kong routes, but almost 50 per cent. of the traffic it carries is to African countries.

Together, these three all-cargo operators with a combined fleet of about 20 aircraft are able to offer British exporters a tota carrying capacity at any one time of more than 500 tons. Bu they are so busy that increa ingly the European charte operators, such as Cargolux i Luxembourg and Martinair i Holland, as well as some Amer can carriers, are tending t carry increasing volumes o British exports at rates whic even after allowing for truckin to their home bases are compe titive with their U.K. counte parts.

P. H.

AUTHORISED UNIT TRUSTS

[illegible]

INSURANCE, PROPERTY, BONDS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

[illegible]

REGIONAL MARKETS

A selection of the share prices previously shown under regional headings is presented below with quotations on London. Irish issues, most of which are not officially listed in London, are shown separately and with prices in Irish exchange.

Albany Inv. 20p	[illegible]	Craig Ship £1	[illegible]	Shiloh Spins	[illegible]		
Ash Spinning	[illegible]	Holliam Sleigh	[illegible]	Sindall (Wm.)	[illegible]		
Bertam	[illegible]	Higsons Brew	[illegible]				
Bdg'wtr. Est. 50p	[illegible]	I.O.M. Stm. £1	[illegible]	Alliance Gas	[illegible]		
Clover Croft	36	Lovell's Ship £1	[illegible]	Clondalkin	[illegible]		
Craig & Rose £1	327	N'thn. Goldsmith	[illegible]	Concrete Prods.	[illegible]		
Dyson (R.A.)	18	−2	P.M.A.	[illegible]	Goodbody (£1)	[illegible]	
Ellis & McHdy.	69	Pearce (C. H.)	[illegible]	Heiton (Hldgs.)	27		
Evans Fr'k 10p.	23	Peel Mills	14	Irish Distillers	[illegible]	−2	
Everad	19	RobbCaledonia	43	Irish Wire	[illegible]		
Fife Forge	40xc	Sayers 12½p	13	Jacob	63		
Finlay Pkg. 5p	16½	Sheffield Brick	37	Sunbeam	15½		
[illegible] & Reed 50p	152	Sheff. Refrsbmt	[illegible]	Unidare	72		

FINANCIAL TIMES STOCK INDICES

	May 7	May 6	May 5	May 4	May 3	April 30	A year ago
Government Secs.	63.07	62.82	62.47	62.10	62.12	62.16	57.75
Fixed Interest	62.84	62.31	61.90	61.65	61.70	61.75	57.24
Industrial Ordinary	415.2	417.6	420.6	420.6	419.2	418.1	331.1
Gold Mines	184.0	178.6	189.2	187.5	189.7	187.9	375.1
Ord. Div. Yield	5.09	5.05	5.02	5.02	5.05	5.04	6.24
Earnings Y'ld % (full)(a)	14.85	14.56	14.74	14.75	14.77	14.80	18.25
P/E Ratio (net) (a) (b)	9.99	10.19	9.97	9.97	9.95	9.93	7.69
Dealings marked	4,695	5,702	5,471	6,465	5,754	5,208	7,500
Equity turnover £m.	—	66.75	66.27	65.28	76.56	70.13	86.50
Equity bargains total	—	14,208	14,744	14,250	16,259	15,614	18,119

10 a.m. 419.6. 11 a.m. 415.2. Noon 417.2. 1 p.m. 415.9. 2 p.m. 415.8. 3 p.m. 415.5.

Latest Index 01-246 8026.

(a) Based on 52 per cent. corporation tax. (b) Nil=9.93.

Basis 100 Govt. Secs. 15/10/26. Fixed int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1976 High	1976 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	65.21 (30/1/76)	60.19 (2/1/76)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	64.43 (2/2/76)	59.75 (2/1/76)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	420.8 (4/5/76)	381.6 (5/1/76)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	246.9 (2/1/76)	140.1 (5/4/76)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	May 7	May 6
Daily—		
Gilt-Edged	119.1	144.9
Industrials	163.8	202.3
Speculative	60.3	60.6
Totals	105.6	129.6
5-day Av'rge.		
Gilt-Edged	143.6	146.7
Industrials	195.6	198.4
Speculative	60.0	59.2
Totals	127.9	130.0

FT—ACTUARIES INDICES

	May 7	May 6	May 5	May 4	May 3	April 29	A year ago
Industrial Group	163.68	164.70	164.84	163.87	165.38	161.81	131.36
500 Shares	181.96	182.79	182.70	181.75	183.00	179.75	141.93
Div. Yield pc	5.27	5.24	5.24	5.27	5.25	5.32	6.16
P/E Ratio (net)	10.92	10.88	10.84	10.80	10.85	10.66	6.93
All shares	170.75	171.14	171.25	170.48	171.66	168.56	141.74
Consols Yield pc	13.59	13.68	13.49	13.86	13.85	13.93	15.26

BASE LENDING RATES

Allied Irish Banks Ltd.	9½%	Julian S. Hodge	10½%
American Express Bank	9½%	Hongkong & Shanghai	9½%
Anglo-Portuguese Bank	9½%	Industrial Bank of Scot.	9½%
Henry Ansbacher	10 %	Keyser Ullmann	10 %
Banco de Bilbao	9½%	Knowsley & Co. Ltd.	11½%
Banco de Jerez	10½%	Lloyds Bank	9½%
Bank of Cyprus	10 %	London & European	11 %
Bank of N.S.W.	9½%	London Mercantile	10½%
Banque du Rhone S.A.	10 %	Midland Bank	9½%
Barclays Bank	9½%	■ Samuel Montagu	9½%
Barnett, Christie Ltd.	10 %	■ Morgan Grenfell	9½%
Bremar Holdings Ltd.	10 %	National Westminster	9½%
Brit. Bank of Mid. East	9½%	Northern Comm. Trust	10 %
Brown Shipley	9½%	Norwich General Trust	10 %
Canada Permanent AFI	9½%	Portman Guaranty	9½%
Cayzer, Bowater Co. Ltd.	10 %	R. S. Refson & Co.	9½%
Cedar Holdings	10 %	Rossminster Accept'cs.	9½%
Charterhouse Japhet	10 %	Schlesinger Limited	10½%
C. E. Coates	10½%	E. S. Schwab	11 %
Consolidated Credits	11 %	Security Trust Co. Ltd.	11 %
Co-operative Bank	* 9½%	Shenley Trust	11½%
Corinthian Securities	9½%	Standard Chartered	9½%
Credit Lyonnais	9½%	Trade Development Bk.	9½%
G. R. Dawes	10½%	Twentieth Century Bk.	11½%
Duboff Brothers	11 %	United Bank of Kuwait	9½%
Duncan Lawrie	9½%	Whiteaway Laidlaw	10 %
English Transcont.	11 %	Williams & Glyn's	9½%
First London Secs.	9½%	Yorkshire Bank	9½%
Antony Gibbs	9½%		
Goode Durrant Trust	10 %		
Greyhound Guaranty	9½%		
Grindlays Bank	‡ 9½%		
Guinness Mahon	9½%		
Hambros Bank	9½%		
Hawtin & Partners	13 %		
Hill Samuel	§ 9½%		
C. Hoare & Co.	† 9½%		

■ Members of the Accepting Houses Committee.

* 7-day deposits 5½%, 1-month deposits 5¾%.

† 7-day deposits on sums of £10,000 and under 5½%, up to £25,000 6½% and over £25,000 6¾%.

§ Demand deposit 7%.

‡ Call deposits over £1,000 5½%.

NOTES

[illegible]

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
15F	15A	Treasury 6½pc 1976‡‡	99⅞	9.1	6.56	9.90
1M	1S	Victory 4pc 1976‡‡	98⅝	26.1	4.04	—
14J	14D	Treasury 10½pc 1976‡‡	100¼	7.11	10.47	9.94
10S	10M	Treasury 6¼pc 1977‡‡	97⅛	2.2	6.43	9.79
15S	15M	Electric 3pc '74-77	95¾	9.2	3.13	8.27
26M	26S	Treasury 11½pc '77‡‡	101⅝	18.2	11.32	10.13
15M	15N	Treasury 3pc '77‡‡	94⅛xd	8.4	3.18	7.05
20J	20D	Transport 4pc '72-77	93¾	13.11	4.27	8.19
15S	15M	Treasury 9pc 1978‡‡	97⅝	9.2	9.21	10.37
14J	14Ju	Treasury 10½pc '78‡‡	100	8.12	10.50	10.48
29M	28S	Exchequer 5pc '76-78‡‡	91¾	18.2	5.45	8.91
9S	9M	Treasury 11½pc '79‡‡	101⅞	2.2	11.31	10.76
17M	17S	Treasury 3pc '79‡‡	87¾	9.2	3.42	7.17
26M	26S	Electric 4¼pc '74-79	88¾	18.2	4.79	8.18
1M	1N	Treasury 10½pc '79‡‡	98⅝	25.3	10.64	10.94
15M	15N	Electric 3½pc '76-79	87⅝xd	8.4	3.99	7.57
3S	3M	Treasury 9pc 1980‡‡	94⅛	26.1	9.54	10.83
MN	14M	Treasury 9½pc '80‡‡	95½xd	7.4	9.99	11.08
15D	15J	Treasury 3½pc '77-80	84¾xd	10.11	4.13	7.93
15D	15J	Funding 5¼pc '78-80‡‡	87¾xd	10.11	5.98	8.87
15J	15J	Treasury 11½pc 1981	101⅞	9.12	11.34	11.07
15A	15F	Treasury 3½pc 1979-81	81¾	9.1	4.28	8.19
1O	1A	Treasury 9¾pc 1981‡‡	95¼	—	10.24	11.02
Five to Fifteen Years						
15J	15J	Treasury 8½pc '80-82‡‡	93½	9.12	9.36	10.68
17M	17S	Treasury 12pc 1983‡‡	103½	9.2	11.80	11.61
15J	15J	Funding 5½pc '82-84‡‡	80⅝	9.12	6.97	9.41
10J	10J	Treasury 8¾pc '84-86‡‡	87⅛	4.12	10.08	11.11
[illegible]						

Over Fifteen Years

[illegible]

Undated

[illegible]

**INTERNATIONAL BANK

[illegible]

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS (Miscel.)

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 56¾% (based on $1.8240 per £)

Conversion factor 0.6364 (0.6362)

CANADIANS

[illegible]

S.E. List Premium 56¾% (based on $1.7970 per £)

††BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER & ROADS

[illegible]

BUILDING INDUSTRY—Continued

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Continued

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING, MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

هكتر امن الاهل

INDUSTRIALS—Continued

[illegible]

††INSURANCE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS—Continued

[illegible]

TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

MINES—Continued

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Yld Gr's
—	[illegible]	53	—	—	—	—
June Dec.	[illegible]	232	[illegible]	Q35c	1.9	7.4

MISCELLANEOUS

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Yld Gr's
—	[illegible]	9	[illegible]	0.1	[illegible]	2.8
—	[illegible]	[illegible]	[illegible]	—	—	—
Aug. Feb.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.2
—	[illegible]	[illegible]	—	—	—	—
July	Northgate (C$1)	[illegible]	[illegible]	[illegible]	[illegible]	3.4
Jan. June	R.T.Z.	[illegible]	[illegible]	[illegible]	2.1	3.6
—	[illegible]	[illegible]	—	—	—	—
—	[illegible]	[illegible]	—	—	—	—
—	Yukon Cons. C$1	[illegible]	[illegible]	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. [illegible] the basis of net distribution; [illegible] figures indicate 10 per cent. or more difference if calculated on [illegible] distribution. Covers are based on "maximum" distribution. Yields, [illegible] of net dividends on current rate of ACT, are based on middle prices, are gross and allow for [illegible] distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ♠ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ◊ Figures or report awaited.
- †† Banks and Insurance: reserve allocations may preclude calculation of dividend cover.
- ø Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ◊ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Based on 1975 profits.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment.
A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 31

FINANCIAL TIMES
Monday May 10 1976

Pay proposals face crucial union decisions this week

BY ROY ROGERS, LABOUR CORRESPONDENT

THE JOINT Government-TUC campaign to win rank and file support for their proposed new pay policy moves into its most critical period to-day or to-morrow, when Mr. Jack Jones, general secretary of the Transport and General Workers' Union, and one of the strongest proponents of continued wage restraint, seeks the backing of his union executive.

Later this week, the leaders of the National Union of Mineworkers will be considering their attitude to the proposed policy, while next week the issue goes before the Amalgamated Union of Engineering Workers' national committee.

Mr. Jones, architect of the present £6 policy due to be replaced by the new proposals from August 1, is likely to face considerable criticism from the Left-wing minority on his union *executive*.

But despite the fact that the union's largest region, covering London and the South-East, has already declared itself opposed to the new policy, Mr. Jones is expected to secure endorsement of his stance.

The TGWU's militant London and South-East Region, which opposed the £6 policy, has come out against the new proposals and called for a return to free collective bargaining. Similar calls are being made by militants on the NUM executive and the AUEW national committee.

Mr. Clive Jenkins' Association of Scientific, Technical and managerial Staffs also came out against the policy at the weekend. But commenting on this anticipated decision, Mr. Jenkins forecast that there would still be a landslide nine-to-one majority for the policy at the special TUC congress in mid-June.

So far there have been few surprises, and barring a major upset like Mr. Jones being over*turned by his executive, the* indications are that the policy—of 5 per cent. rises subject to a £2.50-a-week minimum and a £4-a-week maximum—will receive overwhelming backing at the congress.

Moderate miners' leaders hope to outmanoeuvre NUM militants by suggesting that the pay policy issue be decided by a secret pit-head ballot—a process which successfully secured miners' backing for the present £6 limit.

But this ploy is certain to be resisted by militants on the NUM executive, including three Left-wing area presidents, Mr. Arthur Scargill from Yorkshire, Mr. Mick McGahey from Scotland, and Mr. Emlyn Williams from South Wales.

At Thursday's executive they will stress that the NUM's July conference is the union's supreme policy-making body and should therefore decide the union's approach to the pay situation.

At next week's AUEW *national committee, Mr. Hugh* Scanlon, the union's president, will seek endorsement for his support of the policy. Last year the AUEW originally rejected the £6 policy, although that decision was reversed at a special national committee meeting last December.

Yesterday, delegates to the Association of Professional, Executive, Clerical and Computer Staffs (APEX) conference in Scarborough decided to support the policy, as did the executive of the National and Local Government Officers Association.

The APEX conference delegates pledged support for the new policy by a four-to-one *majority*, while the NALGO executive split 47 to 17 to recommend its acceptance at the union's annual conference early next month.

NALGO delegates will also debate an emergency motion calling on the Government to do more to curb unemployment, including increasing public expenditure and introducing selective import controls.

Other union reactions Page 11

Gallaher forgoes king-size price rise

BY OUR INDUSTRIAL STAFF

WITH most cigarette prices rising to-day as a result of duty changes announced in the Budget, Gallaher has fired another salvo in the battle for the king-size section of the market.

In a move which caused *surprise in the rest of the* tobacco industry, the company announced last night that it is keeping the price of its best-selling Benson and Hedges King Size unchanged at 47p for 20 despite the duty increase.

Competition in king-size brands has *sharpened* in recent years as Imperial Group, whose John Player and W.D. and H. O. Wills subsidiaries are strongest at the lower end of the market, has launched an array of new brands designed to dislodge Gallaher and Carreras Rothmans from their hold on this market.

Behind the fight is the fact that EEC methods of taxing tobacco, with which Britain will have to conform by January, 1978, mean that the price differential between short and long cigarettes all but disappears. To-day's duty changes, which will make most cigarettes 2½p to 3½p dearer for 20, represent an initial step in the harmonisation process, which, when it is completed, is expected to mean a big increase in the importance of king-size brands.

At present king-size cigarettes account for only 9.5 per cent. of all cigarette sales compared with 11.3 per cent. three years ago. But, according to Player's, the changes to EEC duty methods will not only reverse the decline but could push the sector's market share up to 25 per cent.

Kenneth Gooding writes: Cigarettes imported by Imperial Tobacco will go up by between 3p and 6p for 20 to-day and this will include the company's own price increase of about ½p for 20.

Imperial Tobacco (Imports) said at the week-end that the need for the price rise resulted from the continued fall in the value of sterling against most other currencies and from increased manufacture costs.

THE LEX COLUMN

What FASB 8 may do to Shell

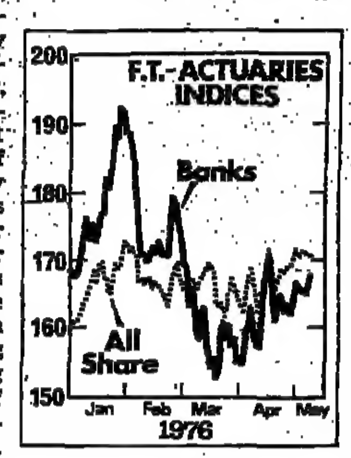
Shell and BP are not altogether *pleased with the American* accountants. In particular, the stringent provisions of the U.S. accounting standard FASB 8 relating to the translation of foreign currencies are going to do all sorts of funny things to Shell's figures over the next quarter or two. Shell has already changed its accounting principles to comply with the new basis, in line with the rules of registration with the SEC. As it happened, the impact in 1975 was fairly small, reducing final quarter net income by only £21m., but the gyrations of sterling in the past couple of months will have a far sharper short-term effect.

The point is that currency gains and losses are now charged or credited directly against earnings. Moreover, stocks are being translated at historical rates of exchange, which for Shell (normally holding three months' stocks) may mean effectively the rate half-way through each quarter, whereas other assets and liabilities are mostly translated at end-period exchange rates. If exchange rates were steady this would not matter. But this was very much not the case for Shell's first quarter, figures for which are being released this Thursday. There will be a large charge relating to end-March liabilities after sterling weakened, but little offsetting credit from the translation of stocks, which will mostly be converted at over $2 to the £. According to some guesses this will knock around £100m. from net income which would otherwise have been rather more than £300m. And if sterling stays steady through the current quarter, a roughly similar distortion in the other direction will affect the April-June figures.

Apparently, BP, which also files with the SEC, has not yet decided how to cope with the same problem. Plainly, the new accounting basis (whatever its merits for U.S.-based companies) threatens to reduce the usefulness of quarterly figures from the U.K. oil majors. In theory the problem could be dealt with by issuing special figures for the U.S., but international companies are naturally reluctant to start issuing different sets of accounts, for this could create confusion and damage credibility. At least there is no conflict, at the moment, between U.S. and U.K. accounting standards of a kind which might make dual accounting principles necessary—the U.K. accountants allowing much more flexibility on methods of currency conversion.

Clearing banks

An unusual picture of the clearing banks as spendthrifts emerges from a new study of the sector by brokers Capel-Cure Myers. Expenditure by the Big Four on fixed assets during 1975 amounted to £225m., a sum which significantly added to the problems produced by inflation, for it ate heavily into the resources which might otherwise have become available to add to free capital. The brokers suggest that the banks would like to finance their capital spending programmes at least partly through U.K. loan stock issues *but are being forced by high* interest rates to rely on new equity finance. In such cases shareholders should ask questions about the planned rate of return on all this capital investment, which CCM remark is "not always adequately described."



On the broader inflation issues concerning banks the brokers are hopeful that the clearers will succeed in getting tax relief on their real losses in holding net monetary assets. But it may be that a deposit insurance scheme will be put forward in the forthcoming White Paper on the regulation of banks; this would result in banks paying premiums, but they could then operate on lower capital ratios. With these uncertainties lying ahead any major improvement in the stock market status of the clearers is unlikely. But CCM do expect profits to improve from the second half of 1976, allowing some degree of relative strength.

Cavenham

Cavenham's major U.S. acquisition Grand Union—contributing 30 per cent. of trading profits in 1974-75—has reached a turning point. A critical article in the current issue of Forbes magazine, entitled "The Bargain That Wasn't," argues that GU has taken longer to reorganise and prune, and has involved larger provisions, than originally envisaged. Cavenham, for its part, maintains that the closure and sales programme has *been successfully completed* with the benefits of the pick-up in the U.S. economy yet to show through.

Last week, Grand Union announced 1975-76 earnings of $11.68m. (up from $9.5m. in 1974-75) after gross write-offs of $8.15m. The total provisions have certainly been large—$25.7m. in the last three financial years including write-offs on holdings of preferred stocks and the cost of moving out of trading stamps, as well as the expenses of specific store closures.

The extent (*though not cost*) of the cutbacks is, according to Forbes, rather smaller than originally considered with only nine closures out of 23 Grand Way department stores though the management says the remainder are now "highly profitable." GU is also now out of trading stamps and has sold its convenience stores; and while in the longer term the remaining catalogue stores, half the original total, may be disposed of, they are currently profitable. Consequently the group maintains that no further general reorganisation provisions will be necessary.

Cavenham has, of course, been adopting its usual post-acquisition accounting approach as regards GU having acquired its original stake for less than net worth, the parent promptly wrote off the anticipated reorganisation costs. So in view of these pre-existing provisions Cavenham has been consolidating GU's profits before write-offs, which has produced some glaring contrasts in the published results of GU and its parent. From now on, these divergencies should be sharply reduced. But GU still has a lot to prove; even after adding back the provisions its net income is only back at the level of profitability of 1970-71.

Irish border residents accuse SAS of earlier operations in Republic

BY OUR BELFAST CORRESPONDENT

THE INCURSION into the Irish Republic by eight members of the Special Air Service has brought a wave of allegations from people living around the border that members of the SAS have been involved in previous cross-border operations.

Police in Dublin yesterday denied reports that an investiga*tion was underway into* a possible link between SAS activities and the death of Mr. Seamus Ludlow, a citizen of the Republic, who was found murdered two miles from his home near Dundalk a week ago.

Local people also accuse the SAS of being involved in a *second incident. Three weeks* ago, Mr. Sean McKenna, who was wanted in Ulster, was arrested by troops. The Army said that Mr. McKenna had blundered into a patrol just north of the border, but his family claims that soldiers in plain clothes crossed 300 yards south of the frontier and took him away at gunpoint.

Mr. Merlyn Rees, the Northern Ireland Secretary, spent Saturday with Army commanders in South Armagh, not far from the scene of last week's incursion.

Mr. Rees, in a carefully-worded statement, referred to the arrest and subsequent charging of the SAS soldiers, by the Irish police. He said: "The border is crossed time and time again by those responsible for brutal crimes, and, despite all the precautions, security forces on both sides occasionally cross by mistake.

"*When incursions do occur,* they are normally handled on the spot, quickly and without fuss. Both the Irish Republic and ourselves have, after all, a common interest in defeating terrorists."

Our Dublin Correspondent writes: Two jail escapees from *Northern Ireland, who were* arrested after crossing the border into the Irish Republic, are unlikely to be returned to Ulster because of the delay in activating British and Irish legislation to deal with fugitive offenders. Of nine men who escaped, five are still at large and are also thought to be in the Republic.

Though the Criminal Law Jurisdiction Bill was declared constitutional by the Irish Supreme Court last Thursday, it is not expected to become law for at least three weeks. The Bill will come into force at the same time as reciprocal legislation passed by Westminster last August, and will enable courts in Britain, Northern Ireland and the Irish Republic to try terrorists for offences committed in any of the areas.

Though extradition proceedings will begin in Dublin to-day against the two men, the court is expected to rule that their offences are of a political nature under the existing Extradition Act and that they should not be returned to Ulster.

The new Jurisdiction Bill will not be retrospective.

An assurance that the Bills passed at Westminster and Dublin will be workable was given yesterday by Mr. Declan Costello, the Irish Attorney-General. He said, on Irish Radio, that his Government would ensure that the Republic would not be a haven for people who committed atrocious crimes in Northern Ireland.

The Government believed that the vast majority of the people were opposed to allowing IRA members to go free merely because they claimed that when they committed crimes they had a political motive.

Mr. Cotello said the IRA believed, by some strange logic, that it was the Government of Ireland. It also believed it had the right to kill policemen, to assassinate people, to kneecap those they did not like and to break the law of the land because they were above them all. The Attorney-General said the Dublin Government would not be intimidated by the IRA.

Meanwhile, the Incorporated Law Society, representing most solicitors in the Republic, has announced it is to challenge the legality of new prison procedures adopted by the Minister for Justice, allowing him to prevent any solicitor from visiting jails where terrorists are held.

The Minister, Mr. Patrick Cooney, has claimed the right to refuse entry because at least three solicitors have been carrying messages between the Provisional IRA movement and IRA prisoners in Portlaoise Jail.

Tory's move to end devolution

BY RAY PERMAN

THE FIRST organised attempt to reverse the move towards devolution for Scotland was launched in Glasgow yesterday, when Mr. Iain Sproat, Conservative MP for South Aberdeen, introduced his Keep Britain United campaign.

Working initially inside the Tory Party, the campaign's first test will be the devolution debate at the Scottish Conservative Conference at Perth on Friday.

Mr. Sproat hopes to secure a large enough vote against reaffirming the party's commitment to a directly elected Scottish Assembly to shake the leadership from the devolutionary line it has followed since 1968.

Mr. Sproat said yesterday: "I would be very surprised if Mrs. Thatcher would be sorry if there was a substantial vote against *the assembly at Perth.*" He added that 80 to 90 per cent. of Conservative MPs were against setting up a separate assembly in Scotland.

Agreement ended

He thought it essential that Conservatives opposed the Labour Devolution Bill on its Second Reading. With an election "inevitable" in the next 18 months, the Government was not anyway going to waste much time on a devolution Bill to the exclusion of useful vote-winning legislation.

A gentleman's agreement in the Scottish Conservative Parliamentary Party not to fight out differences over devolution in public broke down a month ago.

Supporters for "Keep Britain United" include Lord Strathclyde, the former Scottish treasurer, the present treasurer and other senior Conservative office-holders past and present who are likely to attract a following from party workers. They represented the solid core of support for the party in Scotland, Mr. Sproat said.

Tories had lost support, he said, because they had no clear vigorous stand on the devolution issue. They would benefit electorally from an admission that a mistake had been made.

Mr. Sproat said the campaign would provide a voice for those groups who opposed an Assembly or had strong reserva*tions about it, such as the Scot*tish CBI, chambers of commerce, chartered accountants, doctors, hospital consultants, universities, secondary school teachers and farmers.

Far from preventing the break up of the U.K., the Assembly would hasten it, he added.

Mr. Alan Devereux, vice-chairman of the CBI Scottish office, described the assembly as a political expedient totally irrelevant to the needs of Scotland. "I can't see how these proposals in any form are going to be beneficial to our customers, our shareholders or our employees."

Wates drops private new town plan

By Our Industrial Staff

WATES the builders, has withdrawn its planning application to build "a private enterprise New Town" at Horley, Surrey. The project, estimated at £100m. when it was announced in May, 1973, envisaged 8,000 houses, 60 acres of factories and warehouses, offices and a small shopping centre.

Mr. Paul Wates, director of Wates (Crawley), announced last night that despite nearly four years of study and co-operation, and spending of more than £350,000 by the company, it had proved impossible to get the support of Surrey County *Council for* the project.

"How can a local authority spend four years discussing and working on such a project, then at the end of the day reject it?" Mr. Wates complained.

However, he was optimistic that the "vision" of his company would eventually be justified and *that the county council* would include the development in the county structure plan now being drawn up.

In the meantime Wates is shelving its plans for commercial development on the 772-acre site to the north-east of Horley. An office development permit for 250 000 square feet will be *allowed to lapse.*

Wates will submit further planning applications for private housing, but the lack of infrastructure, such as sewage facilities, is likely to put the upper limit at about 800 dwellings.

Journalists stay out at Daily Telegraph

BY IAN HARGREAVES, LABOUR STAFF

PRODUCTION of the Daily Telegraph was disrupted again last night as a dispute involving journalists in London and Manchester continued.

As representatives of the 222 striking London journalists picketed the Daily Telegraph building in Fleet Street, Mr. Charles Harkness, deputy general secretary of the National Union of Journalists, which has made the strike official, warned that the dispute was a test case for the introduction of new echnology into newspapers. If attitudes did not change at the Telegraph the joint union-*management* statement on the new technology made to the Royal Commission on the Press could be nullified.

"Some managements like the Daily Mirror, the Guardian and Reuter have appreciated that the introduction of new technology requires sensible *negotiation* and full *awareness of management's* social responsibility when people lose their jobs.

"The Daily Telegraph management has failed to do this. They have failed to come to grips with the short staffing problems in the rundown at Manchester.

"Their attitude could sabotage the joint agreement reached on Fleet Street between managements and unions. This is to b regretted by everybody involvd in those talks."

The 42 Manchester journalists were suspended last week for refusing to adopt a new rota imposed because of reduced staffing levels incurred in the preparations for new printing methods.

Mr. Hugh Lawson, deputy general manager of the Daily Telegraph, said he hoped the editions would run normally. About 200,000 copies of the Sunday Telegraph, more than a quarter of the paper's circulation, were lost yesterday.

A small number of journalists who are not members of the NUJ were working normally at the Daily Telegraph last. The non-TUC affiliated Institute of Journalists issued a statement saying its Manchester members would not do the work of suspended colleagues.

Thorpe

the party would be totally wrong to force an early leadership election in the light of "a further upsurge of allegations."

He added, in a BBC radio interview, that he thought Mr. Thorpe could and would continue as leader, even though he admitted there were those in the party deeply opposed to his staying.

Mr. Thorpe allowed publication of copies of the two Scott letters in the Sunday Times in an attempt to end speculation surrounding them.

"I am sick and tired of the mystery being whipped up around these two letters and I am therefore making them available. I have never made a secret that my family and I befriended Mr. Scott 15 years ago when these two letters were written and we were trying to help him at a time when he was in a desperate and depressive state of mind."

£20m. U.K. expansion plan by Swiss arms group

BY KENNETH GOODING

BRITISH Manufacture and Research, the Swiss-owned armaments manufacturer, is to spend £20m. on a re-equipment and expansion programme over the next ten years, it has told employees.

Over the next two years the 1,000 workforce at the Grantham, Lincs., plant will be increased by up to one third.

The company became a subsidiary of the Zurich-based Oerlikon-Buhrle Group in 1971. Last year sales began to leap ahead, with turnover, £3.6m. in 1974, rising to £15m. and currently running at around the £25m.-a-year level.

Mr. D. A. Warne, managing director of British MARC, commented: "Our order books here, and those throughout the Group's machines division, are filled for the next three years and we believe that a capital investment of this size will enable us to achieve our aims within the Oerlikon-Buhrle organisation — healthy growth, technical development and security for our employees.

"In addition, a ten-year plan such as this is intended to demonstrate our faith in the excellent relationship we have with our personnel and the local community here in Lincolnshire."

Weather

U.K. TO-DAY

BRIGHT periods and showers or rain.

London, E., S.E. and Cent. S. England, E. Anglia, Midlands, Channel Is.

Thundery showers, brighter later. Wind N. or N.W., light to moderate. Max. 15-17C (59-63F).

S.W. England, Wales

Sunny periods, showers. Wind N.W., light to moderate. Max. 15C (59F).

N.W., N.E. and Cent. N. England, Lakes, Borders, Edinburgh, Dundee

Cloudy, some rain. Brighter later. Wind variable, light. Max. 13C (57F).

***I. of Man, S.W., N.E. and N.W.* Scotland, Glasgow, Cent. Highlands, Moray Firth, Argyll, N. Ireland**

Bright spells, showers. Wind W., moderate. Max. 12C (54F).

Outlook: Sunny spells.

Lighting-up: London 21.07, Manchester 21.24, Glasgow 21.42, Belfast 21.44.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Amsterdam	S	26	79	Manchester	C	19	66
Athens	S	22	72	Melbourne	C	14	57
Barcelona	F	18	64	Mexico C.	S	20	68
Beirut	S	25	77	Milan	R	16	61
Belfast	C	14	57	Montreal	C	11	52
Belgrade	S	22	72	Moscow	R	4	39
Berlin	S	27	81	Munich	S	26	79
Birmingham	F	16	[illegible]	Newcastle	R	15	59
Bristol	S	19	66	New York	S	16	61
Brussels	S	29	84	Oslo	S	[illegible]	[illegible]
Budapest	S	22	72	Paris	F	26	79
B. Aires	S	17	63	Perth	F	[illegible]	[illegible]
Cairo	S	34	93	Prague	S	24	75
Cardiff	S	14	57	Reykjavik	C	5	41
Cologne	S	29	84	Rio de Ja'o	R	26	79
Copenhagen	S	19	66	Rome	[illegible]	[illegible]	[illegible]
Dublin	C	13	55	Singapore	S	31	88
Edinburgh	C	13	55	Stockholm	S	19	66
Frankfurt	S	27	81	Strasbourg	[illegible]	27	81
Geneva	F	21	70	Sydney	F	20	68
Glasgow	[illegible]	12	54	Tehran	S	[illegible]	[illegible]
Helsinki	S	17	63	Tel Aviv	F	24	75
Hong Kong	R	22	72	Tokyo	S	14	[illegible]
Jo'burg	[illegible]	22	72	Toronto	S	14	[illegible]
Lisbon	C	14	57	Vienna	S	[illegible]	[illegible]
London	S	25	77	Warsaw	S	19	66
Luxembourg	F	27	81	Zurich	F	24	75
Madrid	C	22	72				

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	C	21	70	Jersey	C	15	59
Algiers	F	19	66	Las Palmas	S	20	68
Biarritz	F	11	52	Locarno	C	18	64
Blackpool	C	14	57	Majorca	S	20	68
Bordeaux	C	21	70	Malaga	F	22	72
Boulogne	S	19	66	Malta	S	21	70
Casablanca	S	22	72	Nairobi	S	23	73
Cape Tn.	S	22	72	Naples	S	22	72
Corfu	C	18	64	Nice	R	14	57
Dubrovnik	R	17	63	Nicosia	F	26	79
Faro	C	16	61	Oporto	C	16	61
Florence	C	17	63	Rhodes	F	26	79
Funchal	C	16	61	Salzburg	F	27	81
Gibraltar	C	18	64	Tangier	C	17	61
Guernsey	F	16	61	Tenerife	S	16	61
Innsbruck	C	23	73	Tunis	S	24	75
Inverness	R	12	54	Valencia	C	16	61
I. of Man	S	13	55	Venice	R	17	63
Istanbul	S	21	70				

S—Sunny. F—Fair. C—Cloudy. R—Rain.

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